

REGISTERED NUMBER: SC192621 (Scotland)

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2018
FOR
CALEDONIAN LOGISTICS LIMITED**

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FOR THE YEAR ENDED 30 APRIL 2018**

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CALEDONIAN LOGISTICS LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 30 APRIL 2018**

DIRECTORS:	D Mitchell N Keddie
SECRETARY:	Aberdein Considine & Co
REGISTERED OFFICE:	7 - 9 Bon Accord Crescent ABERDEEN AB11 6DN
REGISTERED NUMBER:	SC192621 (Scotland)
AUDITORS:	Bain Henry Reid Statutory Auditors Chartered Accountants 4 West Craibstone Street Bon Accord Square ABERDEEN AB11 6YL
BANKERS:	Bank of Scotland 39 Albyn Place ABERDEEN AB10 1YN

**STRATEGIC REPORT
FOR THE YEAR ENDED 30 APRIL 2018**

The directors present their strategic report for the year ended 30 April 2018.

REVIEW OF BUSINESS

There has been no change to the basic principles of the business - we are still in road haulage, distribution and storage services.

The trading year 2017/18 has been very challenging, caused by trading limitations due to the oil down turn in the north east of Scotland, but saying that we managed a slight increase (3.85%) in turnover for the year end figures. Company position remains optimistic with steady sales, good client base and very little bad or aged debts. We strive to expand the client base both in distribution and in storage services.

We are always looking at our cost base and trying where possible to keep costs to a minimum.

PRINCIPAL RISKS AND UNCERTAINTIES

Business in any field of operation is a risk and we would like to think that we are aware of the risk factors in our business and where possible that we taken steps to mitigate these risks.

FINANCIAL KEY INDICATORS

We continue to closely monitor the ongoing performance and cash position of the business using the financial information available within the company. We endeavour to minimise the impact of financial risks facing the company with the diversification of the business activities ranging from storage of goods to full load movements helping to mitigate against these risks.

FINANCIAL RISK MANAGEMENT

The company's financial instruments comprise cash at bank, overdraft, and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to fund the company's operations as well as to manage its working capital and liquidity.

Credit risk

We carry out credit risk checks on our client base and more so with larger clients. New clients are checked on our system and given an appropriate rating.

Liquidity risk

The company actively maintains a mixture of long-term and short-term debt finance designed to ensure that it has sufficient funds available for current and future operations. The company results are monitored on a month to month basis, with a view to maintaining a strong balance sheet.

ENVIRONMENT

The company is committed to maintaining its high standards for ensuring safe business practice and minimising the environmental impact of its activities where possible.

**STRATEGIC REPORT
FOR THE YEAR ENDED 30 APRIL 2018**

FUTURE OUTLOOK

As in previous years we have a stable customer base with a good mix of clients, but we still try to expand where possible, but the market place is very competitively priced, so any new business has to be at a rate that enhances the overall business.

All our sites - Inverness, Cumbernauld and Oldmeldrum are trading well and are all well utilised with Cumbernauld being a 24/5.5 site used as a overnight distribution hub depot cross docking freight from all sites.

We have been trying to expand sales/minimise costs during this year to aid the return to profitability. Figures are better, but we will continue on that same theme through the 2018/19 trading year.

Overall a better result but can be improved upon.

ON BEHALF OF THE BOARD:

D Mitchell - Director

13 September 2018

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 APRIL 2018**

The directors present their report with the financial statements of the company for the year ended 30 April 2018.

DIVIDENDS

The total distribution of dividends for the year ended 30 April 2018 will be £ 15,000 .

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 May 2017 to the date of this report.

D Mitchell
N Keddle

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 APRIL 2018**

AUDITORS

The auditors, Bain Henry Reid, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

D Mitchell - Director

13 September 2018

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CALEDONIAN LOGISTICS LIMITED

Opinion

We have audited the financial statements of Caledonian Logistics Limited (the 'company') for the year ended 30 April 2018 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

Our opinion on the financial statements does not cover the other information and 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, 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 Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CALEDONIAN LOGISTICS LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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

Alan W Marr (Senior Statutory Auditor)
for and on behalf of Bain Henry Reid
Statutory Auditors
Chartered Accountants
4 West Craibstone Street
Bon Accord Square
ABERDEEN
AB11 6YL

17 September 2018

**INCOME STATEMENT
FOR THE YEAR ENDED 30 APRIL 2018**

	Notes	2018 £	2017 £
TURNOVER	3	13,088,688	12,602,514
Cost of sales		<u>10,514,302</u>	<u>10,047,146</u>
GROSS PROFIT		2,574,386	2,555,368
Administrative expenses		<u>2,858,602</u>	<u>2,901,320</u>
		(284,216)	(345,952)
Other operating income		<u>188,271</u>	<u>169,740</u>
OPERATING LOSS	5	(95,945)	(176,212)
Interest payable and similar expenses	6	<u>54,370</u>	<u>72,663</u>
LOSS BEFORE TAXATION		(150,315)	(248,875)
Tax on loss	7	<u>(78,050)</u>	<u>(49,663)</u>
LOSS FOR THE FINANCIAL YEAR		<u>(72,265)</u>	<u>(199,212)</u>

The notes form part of these financial statements

**OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 APRIL 2018**

	Notes	2018 £	2017 £
LOSS FOR THE YEAR		(72,265)	(199,212)
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(72,265)</u>	<u>(199,212)</u>

BALANCE SHEET
30 APRIL 2018

	Notes	2018 £	£	2017 £	£
FIXED ASSETS					
Tangible assets	9		2,702,772		2,603,841
CURRENT ASSETS					
Debtors	10	3,064,420		2,869,118	
Cash at bank and in hand		<u>32,320</u>		<u>10</u>	
		3,096,740		2,869,128	
CREDITORS					
Amounts falling due within one year	11	<u>3,834,428</u>		<u>3,390,148</u>	
NET CURRENT LIABILITIES			<u>(737,688)</u>		<u>(521,020)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			1,965,084		2,082,821
CREDITORS					
Amounts falling due after more than one year	12		(862,797)		(861,778)
PROVISIONS FOR LIABILITIES	16		<u>(81,958)</u>		<u>(113,449)</u>
NET ASSETS			<u>1,020,329</u>		<u>1,107,594</u>
CAPITAL AND RESERVES					
Called up share capital	17		19,286		19,286
Capital redemption reserve	18		34,286		34,286
Retained earnings	18		<u>966,757</u>		<u>1,054,022</u>
SHAREHOLDERS' FUNDS			<u>1,020,329</u>		<u>1,107,594</u>

The financial statements were approved by the Board of Directors on 13 September 2018 and were signed on its behalf by:

D Mitchell - Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 APRIL 2018**

	Called up share capital £	Retained earnings £	Capital redemption reserve £	Total equity £
Balance at 1 May 2016	19,286	1,260,234	34,286	1,313,806
Changes in equity				
Dividends	-	(7,000)	-	(7,000)
Total comprehensive income	-	(199,212)	-	(199,212)
Balance at 30 April 2017	19,286	1,054,022	34,286	1,107,594
Changes in equity				
Dividends	-	(15,000)	-	(15,000)
Total comprehensive income	-	(72,265)	-	(72,265)
Balance at 30 April 2018	19,286	966,757	34,286	1,020,329

The notes form part of these financial statements

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 APRIL 2018**

	Notes	2018 £	2017 £
Cash flows from operating activities			
Cash generated from operations	1	(56,061)	411,485
Interest paid		(35,718)	(50,375)
Interest element of hire purchase payments paid		(18,652)	(22,288)
Net cash from operating activities		<u>(110,431)</u>	<u>338,822</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(261,052)	(242,801)
Sale of tangible fixed assets		875	44,704
Net cash from investing activities		<u>(260,177)</u>	<u>(198,097)</u>
Cash flows from financing activities			
Loan repayments in year		(57,769)	(61,038)
Capital repayments in year		64,304	51,394
Amount introduced by directors		25,000	34,100
Amount withdrawn by directors		(34,100)	-
Equity dividends paid		(15,000)	(7,000)
Net cash from financing activities		<u>(17,565)</u>	<u>17,456</u>
(Decrease)/increase in cash and cash equivalents		<u>(388,173)</u>	<u>158,181</u>
Cash and cash equivalents at beginning of year	2	(1,538,613)	(1,696,794)
Cash and cash equivalents at end of year	2	<u>(1,926,786)</u>	<u>(1,538,613)</u>

The notes form part of these financial statements

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 APRIL 2018**

1. RECONCILIATION OF LOSS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2018	2017
	£	£
Loss before taxation	(150,315)	(248,875)
Depreciation charges	161,503	163,767
Profit on disposal of fixed assets	(256)	(11,095)
Finance costs	54,370	72,663
	65,302	(23,540)
Increase in trade and other debtors	(148,743)	(83,556)
Increase in trade and other creditors	27,380	518,581
Cash generated from operations	(56,061)	411,485

2. CASH AND CASH EQUIVALENTS

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

Year ended 30 April 2018

	30/4/18	1/5/17
	£	£
Cash and cash equivalents	32,320	10
Bank overdrafts	(1,959,106)	(1,538,623)
	<u>(1,926,786)</u>	<u>(1,538,613)</u>

Year ended 30 April 2017

	30/4/17	1/5/16
	£	£
Cash and cash equivalents	10	2,718
Bank overdrafts	(1,538,623)	(1,699,512)
	<u>(1,538,613)</u>	<u>(1,696,794)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2018**

1. STATUTORY INFORMATION

Caledonian Logistics Limited is a private company, limited by shares, registered in Scotland. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historic cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

The financial statements are presented in Sterling (£).

Going concern

The directors, having made due and careful enquiry, are of the opinion that the company will be able to maintain positive cash flows over the next 12 months. The directors have therefore made an informed judgement at the time of approving the financial statements that the company is a going concern. As a result, the directors have continued to adopt the going concern basis of accounting in preparing the annual financial statements.

Significant judgements and estimates

Preparation of the financial statements requires the directors to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

Estimated useful lives and residual values of tangible fixed assets

The annual depreciation charge for tangible fixed assets has been based on the estimated useful lives and residual values of the assets deemed appropriate by the directors. Estimated useful lives and residual values are reviewed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes revenue earned from rendering of services.

Rendering of services

The company provides road haulage and storage facility services. When the outcome of a transaction for the rendering of services can be estimated reliably in terms of revenue, cost and its stage of completion, the company recognises revenue on the sale of services in the reporting period in which the services are rendered by reference to the stage of completion of the specific transaction at the end of the reporting period. The stage of completion is determined on the basis of the actual completion of a proportion of the total services to be rendered.

When the outcome of a service contract cannot be estimated reliably the company only recognises revenue to the extent of the recoverable expenses recognised.

Rental income

Rental income from freehold property or from subletting leased premises is recognised on a straight-line basis over the term of the relevant lease. Rental income is included in other operating income.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 APRIL 2018

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets, other than freehold land, over their estimated useful life or, if held under a finance lease, over the term of the lease, whichever is the shorter. The rates applicable are:

Freehold property	- 4% on cost
Plant and machinery	- 25% on reducing balance
Fixtures and fittings	- 25% on reducing balance
Motor vehicles	- 25% on reducing balance
Office equipment	- 25% on reducing balance

Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

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

Deferred tax

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

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

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 APRIL 2018

2. ACCOUNTING POLICIES - continued

Hire purchase and leasing commitments

Leases are classified as finance leases or hire purchase contracts whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the company. All other leases are classified as operating leases.

Assets held under finance lease or hire purchase contracts are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease or hire purchase contract obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases or hire purchase contracts are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals payable under operating leases are charged to the profit or loss on a straight line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the company recognises annual rent expense equal to amounts owed to the lessor.

The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

Employee benefits

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

Debtors

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

Loans to employees or key management (being repayable on demand) are measured at the undiscounted amount of the cash or other consideration expected to be received.

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.

Directors' loans (being repayable on demand) are measured at the undiscounted amount of the cash or other consideration expected to be paid.

The company recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next twelve months. The provision is measured at the salary cost payable for the period of absence.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk to changes in value.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 APRIL 2018

2. ACCOUNTING POLICIES - continued

Provisions for liabilities

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

3. TURNOVER

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

4. EMPLOYEES AND DIRECTORS

	2018	2017
	£	£
Wages and salaries	4,077,477	4,008,453
Social security costs	353,120	360,302
Other pension costs	44,438	49,589
	<u>4,475,035</u>	<u>4,418,344</u>

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

	2018	2017
Direct	100	99
Administration & management	29	30
	<u>129</u>	<u>129</u>

	2018	2017
	£	£
Directors' remuneration	157,463	164,423
Directors' pension contributions to money purchase schemes	<u>12,685</u>	<u>18,637</u>

The number of directors to whom retirement benefits were accruing was as follows:

	2018	2017
Money purchase schemes	<u>2</u>	<u>2</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 APRIL 2018

5. OPERATING LOSS

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

	2018	2017
	£	£
Operating leases	2,026,489	2,068,986
Depreciation - owned assets	42,572	42,070
Depreciation - assets on hire purchase contracts	118,930	121,695
Profit on disposal of fixed assets	(256)	(11,095)
Auditors remuneration	20,735	15,000
Auditors' remuneration for non audit work	<u>6,915</u>	<u>6,600</u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2018	2017
	£	£
Bank interest	2,582	13,014
Bank loan interest	20,664	19,975
Invoice discounting interest	5,455	17,295
HMRC interest & penalties	7,017	91
Hire purchase interest	<u>18,652</u>	<u>22,288</u>
	<u>54,370</u>	<u>72,663</u>

7. TAXATION

Analysis of the tax credit

The tax credit on the loss for the year was as follows:

	2018	2017
	£	£
Current tax:		
R&D credit	(46,559)	-
Deferred taxation	<u>(31,491)</u>	<u>(49,663)</u>
Tax on loss	<u>(78,050)</u>	<u>(49,663)</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 APRIL 2018

7. **TAXATION - continued**

Reconciliation of total tax credit included in profit and loss

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

	2018 £	2017 £
Loss before tax	<u>(150,315)</u>	<u>(248,875)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 20%)	(28,560)	(49,775)
Effects of:		
Expenses not deductible for tax purposes	1,895	194
Other tax adjustments	(4,826)	(82)
R & D credit	<u>(46,559)</u>	<u>-</u>
Total tax credit	<u>(78,050)</u>	<u>(49,663)</u>

8. **DIVIDENDS**

	2018 £	2017 £
Interim	<u>15,000</u>	<u>7,000</u>

9. **TANGIBLE FIXED ASSETS**

	Freehold property £	Plant and machinery £	Fixtures and fittings £
COST			
At 1 May 2017	2,231,832	28,248	175,060
Additions	<u>2,700</u>	<u>15,010</u>	<u>16,968</u>
At 30 April 2018	<u>2,234,532</u>	<u>43,258</u>	<u>192,028</u>
DEPRECIATION			
At 1 May 2017	147,807	21,117	110,343
Charge for year	108	4,143	17,375
Eliminated on disposal	<u>-</u>	<u>-</u>	<u>-</u>
At 30 April 2018	<u>147,915</u>	<u>25,260</u>	<u>127,718</u>
NET BOOK VALUE			
At 30 April 2018	<u>2,086,617</u>	<u>17,998</u>	<u>64,310</u>
At 30 April 2017	<u>2,084,025</u>	<u>7,131</u>	<u>64,717</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 APRIL 2018

9. TANGIBLE FIXED ASSETS - continued

	Motor vehicles £	Office equipment £	Totals £
COST			
At 1 May 2017	1,056,073	130,139	3,621,352
Additions	221,785	4,589	261,052
Disposals	(1,763)	(350)	(2,113)
At 30 April 2018	<u>1,276,095</u>	<u>134,378</u>	<u>3,880,291</u>
DEPRECIATION			
At 1 May 2017	648,668	89,576	1,017,511
Charge for year	129,226	10,650	161,502
Eliminated on disposal	(1,187)	(307)	(1,494)
At 30 April 2018	<u>776,707</u>	<u>99,919</u>	<u>1,177,519</u>
NET BOOK VALUE			
At 30 April 2018	<u>499,388</u>	<u>34,459</u>	<u>2,702,772</u>
At 30 April 2017	<u>407,405</u>	<u>40,563</u>	<u>2,603,841</u>

Depreciation has not been provided for on freehold heritable property this year on the basis that residual value is considered to be in excess of net book value.

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

	Fixtures and fittings £	Motor vehicles £	Office equipment £	Totals £
COST				
At 1 May 2017	55,840	644,194	15,581	715,615
Additions	15,200	204,636	-	219,836
Transfer to ownership	(55,840)	(255,620)	(15,581)	(327,041)
At 30 April 2018	<u>15,200</u>	<u>593,210</u>	<u>-</u>	<u>608,410</u>
DEPRECIATION				
At 1 May 2017	30,974	305,830	7,913	344,717
Charge for year	7,166	109,848	1,916	118,930
Transfer to ownership	(37,190)	(192,822)	(9,829)	(239,841)
At 30 April 2018	<u>950</u>	<u>222,856</u>	<u>-</u>	<u>223,806</u>
NET BOOK VALUE				
At 30 April 2018	<u>14,250</u>	<u>370,354</u>	<u>-</u>	<u>384,604</u>
At 30 April 2017	<u>24,866</u>	<u>338,364</u>	<u>7,668</u>	<u>370,898</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 APRIL 2018

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Trade debtors	2,747,564	2,607,517
Other debtors	8,417	9,364
Directors' loan accounts	132,598	132,598
Taxation	79,709	33,150
Prepayments and accrued income	96,132	86,489
	<u>3,064,420</u>	<u>2,869,118</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Bank loans and overdrafts (see note 13)	2,019,106	1,598,623
Hire purchase contracts (see note 14)	123,863	118,346
Trade creditors	1,114,299	951,884
Social security and other taxes	162,902	170,832
VAT	187,381	336,980
Other creditors	9,334	4,866
Directors' loan accounts	25,000	34,100
Accruals	192,543	174,517
	<u>3,834,428</u>	<u>3,390,148</u>

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2018	2017
	£	£
Bank loans (see note 13)	629,813	687,582
Hire purchase contracts (see note 14)	232,984	174,196
	<u>862,797</u>	<u>861,778</u>

13. LOANS

An analysis of the maturity of loans is given below:

	2018	2017
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	1,959,106	1,538,623
Bank loans - less than 1 yr	60,000	60,000
	<u>2,019,106</u>	<u>1,598,623</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	<u>60,000</u>	<u>60,000</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 APRIL 2018

13. LOANS - continued

	2018 £	2017 £
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>180,000</u>	<u>180,000</u>
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans more 5 yr by instal	<u>389,813</u>	<u>447,582</u>
The loan is repayable monthly over 15 years, interest is charged at 3% per annum over the bank's sterling base rate.		

14. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2018 £	2017 £
Net obligations repayable:		
Within one year	123,863	118,346
Between one and five years	<u>232,984</u>	<u>174,196</u>
	<u>356,847</u>	<u>292,542</u>
	Non-cancellable operating leases	
	2018 £	2017 £
Within one year	1,580,321	1,853,899
Between one and five years	3,301,614	3,425,645
In more than five years	<u>945,126</u>	<u>1,466,858</u>
	<u>5,827,061</u>	<u>6,746,402</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 APRIL 2018

14. LEASING AGREEMENTS - continued

Certain operating leases have policies where charges are levied when mileage limits are exceeded. Any potential charge is not expected to be material.

Operating lease commitments - Income

Minimum income from operating leases is receivable as follows:

		Non-cancellable operating leases	
		2018	2017
	£		
Within one year		108,233	108,233
Between one and five years		33,190	112,845
In more than five years		-	-
		<u>141,423</u>	<u>221,078</u>

15. SECURED DEBTS

The following secured debts are included within creditors:

	2018	2017
	£	£
Bank overdrafts	1,959,106	1,538,623
Bank loans	689,813	747,582
Hire purchase contracts	<u>356,847</u>	<u>292,542</u>
	<u>3,005,766</u>	<u>2,578,747</u>

The bank loan and overdrafts are secured by a first legal charge over the property at Caledonian House, Midmill Industrial Estate, Kintore and a floating charge over the remaining assets of the company.

Net obligations under hire purchase contracts are secured on the assets acquired.

16. PROVISIONS FOR LIABILITIES

	2018	2017
	£	£
Deferred tax		
Accelerated capital allowances	107,331	103,067
Tax losses carried forward	(147,978)	(118,676)
Other timing differences	<u>122,605</u>	<u>129,058</u>
	<u>81,958</u>	<u>113,449</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 APRIL 2018

16. PROVISIONS FOR LIABILITIES - continued

	Deferred tax £
Balance at 1 May 2017	113,449
Credit to Income Statement during year	(31,491)
Balance at 30 April 2018	<u>81,958</u>

The amount of the net reversal of deferred tax expected to occur next year is £27,514 (2017: £25,829), relating to the reversal of existing timing differences on tangible fixed assets.

17. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value: £1	2018 £ <u>19,286</u>	2017 £ <u>19,286</u>
19,286	Ordinary			

Each share is entitled to one vote in any circumstances and each share is also entitled pari passu to dividend payments or any other distributions, including a distribution arising from a winding up of the company.

18. RESERVES

	Retained earnings £	Capital redemption reserve £	Totals £
At 1 May 2017	1,054,022	34,286	1,088,308
Deficit for the year	(72,265)		(72,265)
Dividends	<u>(15,000)</u>		<u>(15,000)</u>
At 30 April 2018	<u>966,757</u>	<u>34,286</u>	<u>1,001,043</u>

Capital redemption reserve

This reserve records the nominal value of shares repurchased by the company.

Retained earnings

This reserve records all current and prior period retained profit and loss.

19. PENSION COMMITMENTS

The company operates a defined contribution scheme. £9,213 was outstanding at the year end (2017: £4,866).

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 APRIL 2018

20. CAPITAL COMMITMENTS

	2018 £	2017 £
Contracted but not provided for in the financial statements	<u>177,540</u>	<u>2,700</u>

21. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

Details of directors loan account transactions and the year end balance are as follows:

	2018	2017
£		
Mr D Mitchell:		
Amount due to/(from) the director at start of year	(132,598)	(132,598)
Paid to director during the year	-	-
Received from director during year	-	-
Amount due to/(from) the director at end of year	<u>(132,598)</u>	<u>(132,598)</u>

	2018	2017
£		
Mr N Keddie:		
Amount due to/(from) the director at start of year	34,100	-
Paid to director during the year	(34,100)	-
Received from director during year	<u>25,000</u>	<u>34,100</u>
Amount due to/(from) director at end of year	<u>25,000</u>	<u>34,100</u>

The loans are unsecured, interest free and repayable on demand.

22. RELATED PARTY DISCLOSURES

Key management personnel of the entity or its parent (in the aggregate)

	2018 £	2017 £
Key management personnel compensation	318,412	183,060
Dividends paid to directors	<u>15,000</u>	<u>7,000</u>

23. POST BALANCE SHEET EVENTS

The financial statements were authorised for issue on 13 September 2018 by the board of directors.

24. ULTIMATE CONTROLLING PARTY

The company is controlled by Mr D Mitchell, a director of the company, by virtue of his 100% interest in the ordinary share capital.

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.