

MANSEL DAVIES & SON LIMITED
STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2019



Watts Gregory LLP
Chartered Accountants & Statutory Auditors
Elfed House
Oak Tree Court
Cardiff Gate Business Park
CARDIFF
County of Cardiff
CF23 8RS

MANSEL DAVIES & SON LIMITED (REGISTERED NUMBER: 00812036)

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2019**

	Page
Company Information	1
Strategic Report	2
Report of the Directors	3
Report of the Independent Auditors	5
Profit and Loss Account	7
Other Comprehensive Income	8
Balance Sheet	9
Statement of Changes in Equity	10
Notes to the Financial Statements	11

MANSEL DAVIES & SON LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 JANUARY 2019**

DIRECTORS:

D M K Davies
S M E Davies
S M Davies

SECRETARY:

S M E Davies

REGISTERED OFFICE:

Station Yard
LLANFYRNACH
Pembrokeshire
SA35 0BZ

REGISTERED NUMBER:

00812036

AUDITORS:

Watts Gregory LLP
Chartered Accountants & Statutory Auditors
Elfed House
Oak Tree Court
Cardiff Gate Business Park
CARDIFF
County of Cardiff
CF23 8RS

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 JANUARY 2019**

The directors present their strategic report for the year ended 31 January 2019.

REVIEW OF BUSINESS

Turnover for the year ended 31 January 2019 at £25.2 million, shows consistency with the previous year trading. Pre-tax profit for the year ended 31 January 2019 was £114,103 compared with pre-tax profit of £246,882 for the previous year due to an increase in direct costs leading to a reduction in gross margin.

The company has continued to upgrade its fleet of vehicles and trailers and incurred £1.6 million of capital expenditure on its fleet during the year.

The directors are pleased with the company's position at the end of the year with the company's balance sheet strengthening as a result of the performance during the year.

PRINCIPAL RISKS AND UNCERTAINTIES

Financial risk management

The main financial risk to which the company is exposed is any volatility in the fuel market. The company has a wide ranging set of fuel escalators in place with its major customers to protect against this.

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department.

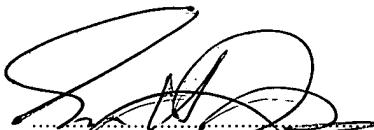
Credit risk

The company pursues policies that require appropriate credit checks on potential customers before sales are made. Customers are assigned credit limits and overdue debts are chased on a regular basis.

Liquidity risk and cash flow

The company actively monitors its liquidity and cash flow position to ensure it has sufficient cash in order to fund its activities.

ON BEHALF OF THE BOARD:


.....
S M E Davies - Secretary

Date: 15/10/19.....

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 JANUARY 2019**

The directors present their report with the financial statements of the company for the year ended 31 January 2019.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of haulage contractors, quarry owners, dealers in animal feedstuffs, fertilisers and building materials.

DIVIDENDS

No dividends will be distributed for the year ended 31 January 2019.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 February 2018 to the date of this report.

D M K Davies
S M E Davies

Other changes in directors holding office are as follows:

S M Davies - appointed 18 January 2019

EMPLOYEES

The company recognises the importance of maintaining a high quality, motivated workforce and is committed to employee involvement. Employees are encouraged to discuss with management any matters which they are concerned about or that affect the company. In addition employees are kept informed of the group's performance and objectives through informal meetings.

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person. Where existing employees become disabled, it is the company's policy, where practicable, to provide continuing employment under normal terms and conditions. The company provides training and career development and promotion to disabled employees where appropriate.

DISCLOSURE IN THE STRATEGIC REPORT

The company has chosen in accordance with s.414C(11) Companies Act 2006 to set out in the company's strategic report information required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the directors' report. It has done so in respect of future developments and financial risk management.

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.

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 JANUARY 2019

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 or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ON BEHALF OF THE BOARD:


.....
S M E Davies - Secretary

Date: 15/10/19

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF MANSEL DAVIES & SON LIMITED

Opinion

We have audited the financial statements of Mansel Davies & Son Limited (the 'company') for the year ended 31 January 2019 which comprise the Profit and Loss Account, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and 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 31 January 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF MANSEL DAVIES & SON LIMITED

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the 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 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.

Julia Mortimer (Senior Statutory Auditor)
for and on behalf of Watts Gregory LLP
Chartered Accountants & Statutory Auditors
Elfed House
Oak Tree Court
Cardiff Gate Business Park
CARDIFF
County of Cardiff
CF23 8RS

Date: 15 October 2019

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JANUARY 2019**

	Notes	2019 £	2018 £
TURNOVER	3	25,215,855	23,039,560
Cost of sales		(24,129,818)	(21,677,612)
GROSS PROFIT		1,086,037	1,361,948
Administrative expenses		(1,144,947)	(1,088,650)
		(58,910)	273,298
Other operating income	4	370,000	240,000
OPERATING PROFIT	6	311,090	513,298
Income from shares in group undertakings		71,460	-
Interest receivable and similar income		237	206
		382,787	513,504
Interest payable and similar expenses	7	(268,684)	(266,622)
PROFIT BEFORE TAXATION		114,103	246,882
Tax on profit	8	(33,140)	(56,137)
PROFIT FOR THE FINANCIAL YEAR		80,963	190,745

The notes form part of these financial statements

**OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JANUARY 2019**


	Notes	2019 £	2018 £
PROFIT FOR THE YEAR		80,963	190,745
OTHER COMPREHENSIVE INCOME			
Deferred tax on revalued properties		533	(727)
Income tax relating to other comprehensive income		-	-
		<u>533</u>	<u>(727)</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		<u>533</u>	<u>(727)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>81,496</u>	<u>190,018</u>

The notes form part of these financial statements

BALANCE SHEET
31 JANUARY 2019

	Notes	2019 £	2018 £
FIXED ASSETS			
Tangible assets	9	6,922,824	6,391,306
Investments	10	20,000	20,000
		<u>6,942,824</u>	<u>6,411,306</u>
CURRENT ASSETS			
Stocks	11	435,468	367,363
Debtors	12	6,303,012	6,775,190
Cash in hand		12,516	12,571
		<u>6,750,996</u>	<u>7,155,124</u>
CREDITORS			
Amounts falling due within one year	13	(8,013,858)	(8,563,251)
NET CURRENT LIABILITIES		<u>(1,262,862)</u>	<u>(1,408,127)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		5,679,962	5,003,179
CREDITORS			
Amounts falling due after more than one year	14	(3,097,525)	(2,510,940)
PROVISIONS FOR LIABILITIES	18	(374,409)	(365,707)
NET ASSETS		<u>2,208,028</u>	<u>2,126,532</u>
CAPITAL AND RESERVES			
Called up share capital	19	300,000	300,000
Revaluation reserve	20	277,682	280,284
Retained earnings	20	1,630,346	1,546,248
SHAREHOLDERS' FUNDS		<u>2,208,028</u>	<u>2,126,532</u>

The financial statements were approved and authorised for issue by the Board of Directors on
15/10/19..... and were signed on its behalf by:


 S M E Davies - Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JANUARY 2019**

	Called up share capital £	Retained earnings £	Revaluation reserve £	Total equity £
Balance at 1 February 2017	300,000	1,359,781	276,733	1,936,514
Changes in equity				
Total comprehensive income	-	186,467	3,551	190,018
Balance at 31 January 2018	<u>300,000</u>	<u>1,546,248</u>	<u>280,284</u>	<u>2,126,532</u>
Changes in equity				
Total comprehensive income	-	84,098	(2,602)	81,496
Balance at 31 January 2019	<u>300,000</u>	<u>1,630,346</u>	<u>277,682</u>	<u>2,208,028</u>

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2019**

1. STATUTORY INFORMATION

Mansel Davies & Son Limited is a private company, limited by shares, incorporated in Wales in the United Kingdom. The registered office is Station Yard, Llanfyrnach, Pembrokeshire, SA35 0BZ. The nature of the company's operations and principal activities are that of haulage contractors, quarry owners, dealers in animal feedstuffs, fertilisers and building materials.

The financial statements are presented in Sterling (£), the company's functional currency, and rounded to the nearest pound.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

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

The company has early adopted the FRS Triennial Review 2017 amendments of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

There have been no material departures from Financial Reporting Standard 102.

Going concern

At 31 January 2019 there were net current liabilities of £1,262,862 (2018: £1,408,127). The company meets its day to day working capital requirements through an overdraft facility and the use of invoice discounting.

The company are forecasting continued profitability for 2019/20.

In addition, D M K Davies has pledged his financial support to ensure working capital requirements are met.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

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 requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

Preparation of consolidated financial statements

The financial statements contain information about Mansel Davies & Son Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of its parent, Mansel Davies and Son Group Limited.

Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Turnover

Turnover represents the invoiced value of goods and services supplied, excluding value added tax and trade discounts. In respect of goods, revenue is recognised when the goods are delivered and in respect of services the sale is recognised once that service has been completed.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JANUARY 2019

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life to its residual value or, if held under a finance lease, over the lease term, whichever is the shorter.

Freehold property	2 - 4% reducing balance
Quarry	25% straight line
Plant & machinery	15 - 20% reducing balance
Fixtures & fittings	15 - 20% reducing balance
Motor vehicles	2 - 10 years straight line

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss account.

The company has previously adopted a policy of revaluing its freehold property to fair value, however they have taken advantage of the transitional exemptions of FRS 102 and carried the freehold property forward at its previous revalued amount as deemed cost.

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell, after making due allowance for obsolete and slow moving items. Cost comprises the original purchase price, additional post purchase costs, less any stock write downs. Stock is accounted for on a first in first out basis.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account, 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.

Pension costs and other post-retirement benefits

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

Employee benefits

When employees have rendered service to the company, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

2. ACCOUNTING POLICIES - continued

Hire purchase and leasing commitments

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

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

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Financing of trade debtors

The company has in place an invoice discounting arrangement. Invoices which are subject to this arrangement form part of the trade debtors balance, with amounts due to the finance company in respect of advances included in creditors due within one year.

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other debtors, cash and cash equivalents, trade and other creditors and interest free loans.

Unless otherwise stated, the carrying value of the company's financial assets and liabilities are a reasonable approximation of their fair values.

Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administrative expenses.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand. For the purpose of the cash flow statement, cash and cash equivalents are net of bank overdrafts which are repayable on demand.

Bank overdraft

The bank overdraft is recorded at amortised cost.

Interest-bearing borrowings

Interest-bearing borrowings are stated at amortised cost using the effective interest method.

Preference shares

Preference shares are stated at amortised cost using the effective interest method.

Significant accounting judgements and estimates

Estimates and judgements are continually evaluated and are based on historical experience and other relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

The preparation of the financial statements requires management to make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, be likely to differ from the related actual results. The estimates and assumptions that have significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Provision for impairment of trade debtors

The financial statements include a provision for impairment of trade debtors based on management's estimation of recoverability. There is a risk that the provision will not match the trade debtors that ultimately prove to be irrecoverable.

Depreciation

Judgement is used to determine the useful economic lives and residual values of tangible fixed assets. The assets are depreciated down to their estimated residual values over their estimated useful lives.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JANUARY 2019

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2019 £	2018 £
United Kingdom	25,215,855	23,039,560
	<u>25,215,855</u>	<u>23,039,560</u>

	2019 £	2018 £
Sale of goods	927,493	790,446
Rendering of services	24,288,362	22,249,114
Total revenue	<u>25,215,855</u>	<u>23,039,560</u>

4. OTHER OPERATING INCOME

	2019 £	2018 £
Management charges	370,000	200,000
Rental income	-	40,000
	<u>370,000</u>	<u>240,000</u>

5. EMPLOYEES AND DIRECTORS

	2019 £	2018 £
Wages and salaries	7,852,632	7,039,146
Employers national insurance	942,865	854,044
Other pension costs	146,748	145,580
	<u>8,942,245</u>	<u>8,038,770</u>

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

	2019	2018
Administrative staff	156	15
Management staff	2	2
Drivers, fitters and direct labour	280	269
	<u>298</u>	<u>286</u>

	2019 £	2018 £
Directors' remuneration	111,634	98,915
Directors' pension contributions to money purchase schemes	<u>12,315</u>	<u>12,267</u>

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

	2019	2018
Money purchase schemes	<u>2</u>	<u>1</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JANUARY 2019

6. OPERATING PROFIT

The operating profit is stated after charging:

	2019 £	2018 £
Depreciation - owned assets	428,482	564,500
Depreciation - assets on hire purchase contracts and finance leases	567,414	424,018
Loss on disposal of fixed assets	43,304	6,872
Auditors' remuneration	19,000	19,000
Operating lease rentals in respect of motor vehicles	512,207	703,431
	<u>2,070,407</u>	<u>1,717,821</u>

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019 £	2018 £
Bank loan interest	31,430	45,883
Invoice discounting charges	45,939	48,766
Invoice discounting interest	85,810	63,195
Hire purchase interest	105,505	108,778
	<u>268,684</u>	<u>266,622</u>

8. TAXATION**Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	2019 £	2018 £
Current tax:		
UK corporation tax	23,905	64,519
Deferred tax	9,235	(8,382)
Tax on profit	<u>33,140</u>	<u>56,137</u>

UK corporation tax has been charged at 19% (2018 - 19%).

Reconciliation of total tax charge included in profit and loss

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

	2019 £	2018 £
Profit before tax	<u>114,103</u>	<u>246,882</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	21,680	46,908
Effects of:		
Expenses not deductible for tax purposes	13,681	7,785
Change tax rate	(1,087)	1,530
Group relief	(1,134)	(86)
Total tax charge	<u>33,140</u>	<u>56,137</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JANUARY 2019

8. TAXATION - continued

Tax effects relating to effects of other comprehensive income

	Gross £	2019 Tax £	Net £
Deferred tax on revalued properties	533	-	533
	<u>533</u>	<u>-</u>	<u>533</u>
	Gross £	2018 Tax £	Net £
Deferred tax on revalued properties	(727)	-	(727)
	<u>(727)</u>	<u>-</u>	<u>(727)</u>

9. TANGIBLE FIXED ASSETS

	Freehold property £	Quarry £	Plant and machinery £
COST			
At 1 February 2018	1,312,924	221,242	632,598
Additions	19,776	-	18,890
At 31 January 2019	<u>1,332,700</u>	<u>221,242</u>	<u>651,488</u>
DEPRECIATION			
At 1 February 2018	51,444	25,522	487,870
Charge for year	16,676	7,829	23,196
Eliminated on disposal	-	-	-
At 31 January 2019	<u>68,120</u>	<u>33,351</u>	<u>511,066</u>
NET BOOK VALUE			
At 31 January 2019	<u>1,264,580</u>	<u>187,891</u>	<u>140,422</u>
At 31 January 2018	<u>1,261,480</u>	<u>195,720</u>	<u>144,728</u>
	Fixtures and fittings £	Motor vehicles £	Totals £
COST			
At 1 February 2018	96,302	12,314,418	14,577,484
Additions	-	1,565,030	1,603,696
Disposals	-	(2,191,100)	(2,191,100)
At 31 January 2019	<u>96,302</u>	<u>11,688,348</u>	<u>13,990,080</u>
DEPRECIATION			
At 1 February 2018	89,819	7,531,523	8,186,178
Charge for year	1,258	946,937	995,896
Eliminated on disposal	-	(2,114,818)	(2,114,818)
At 31 January 2019	<u>91,077</u>	<u>6,363,642</u>	<u>7,067,256</u>
NET BOOK VALUE			
At 31 January 2019	<u>5,225</u>	<u>5,324,706</u>	<u>6,922,824</u>
At 31 January 2018	<u>6,483</u>	<u>4,782,895</u>	<u>6,391,306</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JANUARY 2019

9. TANGIBLE FIXED ASSETS - continued

The company elected to adopt the transitional exemption of FRS 102 and has used the freehold properties' previous valuation as deemed cost. The freehold property at Station Yard includes buildings from which the company's subsidiary operate, the company has chosen not to reclassify these as investment properties and include at fair value each year as it would be impracticable to do so without undue cost or effort.

Freehold property and other property have been pledged as security in respect of the bank borrowings.

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

	Motor vehicles £
COST	
At 1 February 2018	4,587,425
Additions	1,524,379
Transfer to ownership	(392,323)
At 31 January 2019	<u>5,719,481</u>
DEPRECIATION	
At 1 February 2018	1,071,672
Charge for year	567,414
Transfer to ownership	(230,117)
At 31 January 2019	<u>1,408,969</u>
NET BOOK VALUE	
At 31 January 2019	<u>4,310,512</u>
At 31 January 2018	<u>3,515,753</u>

10. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 February 2018 and 31 January 2019	<u>20,000</u>
NET BOOK VALUE	
At 31 January 2019	<u>20,000</u>
At 31 January 2018	<u>20,000</u>

The company's investments at the Balance Sheet date in the share capital of companies include the following:

Mansel Davies & Son (Garages) Limited

Registered office:

Nature of business: Commercial garage

Class of shares:	% holding
Ordinary £1 (20p paid) shares	87.00

Mansel Davies & Son (Garages) Limited's registered office is Station Yard, Llanfyrnach, Pembrokeshire, SA35 0BZ.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JANUARY 2019

11. STOCKS

	2019 £	2018 £
Vehicle parts and fuel	<u>435,468</u>	<u>367,363</u>

The value of stock expensed through the profit and loss account in the year amounted to £9,572,820 (2018: £8,566,548). The value of stock pledged as security for the company's bank borrowings amount to £435,468 (2018: £367,363).

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Trade debtors	4,982,981	5,143,587
Amounts owed by group undertakings	1,114,505	1,390,392
Other debtors	-	26,584
Prepayments and accrued income	205,526	214,627
	<u>6,303,012</u>	<u>6,775,190</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Bank loans and overdrafts (see note 15)	829,177	1,773,494
Financing of trade debtors (see note 15)	2,983,087	3,316,625
Hire purchase contracts and finance leases (see note 16)	1,233,199	948,374
Trade creditors	1,684,152	1,506,716
Corporation tax	23,905	64,519
Social security and other taxes	156,894	163,741
VAT	549,803	319,710
Other creditors	131,430	112,610
Accruals and deferred income	422,211	357,462
	<u>8,013,858</u>	<u>8,563,251</u>

Financing of trade debtors of £2,983,087 (2018: £3,316,625) relates to amounts received for invoice discounting. The specific debtors are included within trade debtors in note 12.

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

	2019 £	2018 £
Bank loans (see note 15)	780,845	249,990
Preference shares (see note 15)	600,000	600,000
Hire purchase contracts and finance leases (see note 16)	1,716,680	1,660,950
	<u>3,097,525</u>	<u>2,510,940</u>

15. LOANS

An analysis of the maturity of loans is given below:

	2019 £	2018 £
Amounts falling due within one year or on demand:		
Bank overdrafts	735,177	1,055,716
Bank loans	94,000	717,778
Financing of trade debtors	2,983,087	3,316,625
	<u>3,812,264</u>	<u>5,090,119</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JANUARY 2019

15. LOANS - continued

	2019 £	2018 £
Amounts falling due between one and two years:		
Bank loans - 1-2 years	<u>94,000</u>	<u>111,111</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	686,845	138,879
Preference shares	<u>600,000</u>	<u>600,000</u>
	<u>1,286,845</u>	<u>738,879</u>

Details of shares shown as liabilities are as follows:

Allotted, issued and fully paid:			2019 £	2018 £
Number:	Class:	Nominal value:		
600,000	Redeemable Preference	£1	<u>600,000</u>	<u>600,000</u>

The Redeemable Preference Shares are to be repaid in preference to all other shares in the case of a winding up of the company. They carry no voting rights, no dividends and have no rights to the distributable assets on liquidation once the paid up share capital has been paid to the preference shareholders. The preference shares can be redeemed at the option of the company or the preference shareholders at any time. The preference shareholder has confirmed that he will not redeem or sell his shares within twelve months of signing the financial statements.

16. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts		Finance leases	
	2019 £	2018 £	2019 £	2018 £
Net obligations repayable:				
Within one year	1,233,199	924,546	-	23,828
Between one and five years	<u>1,716,680</u>	<u>1,660,950</u>	-	-
	<u>2,949,879</u>	<u>2,585,496</u>	-	<u>23,828</u>
			Non-cancellable operating leases	
			2019 £	2018 £
Within one year			229,013	402,571
Between one and five years			<u>518,127</u>	<u>480,973</u>
			<u>747,140</u>	<u>883,544</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JANUARY 2019

17. SECURED DEBTS

The following secured debts are included within creditors:

	2019 £	2018 £
Bank overdrafts	735,177	1,055,716
Bank loans	874,845	967,768
Hire purchase contracts and finance leases	2,949,879	2,609,324
Financing of trade debtors	2,983,087	3,316,625
	<u>7,542,988</u>	<u>7,949,433</u>

The bank borrowings are secured by the following:

- a fixed charge over the group's freehold land and buildings;
- a floating charge over the company's assets;
- a fixed charge over properties owned by Mr D M K Davies;
- a fixed charge over a property owned by Mr S M E Davies and Mrs S F Davies; and
- personal guarantees from Mr D M K Davies and Mr S M E Davies.

Amounts owed in respect of hire purchase and finance lease obligations are secured on the assets to which they relate.

There are two bank loans and interest is charged at 2.85% over LIBOR. The bank loans are repayable in instalments and are due to be repaid within the next five years. The interest rate payable on the factoring of debts is 2% above the Bank of England base rate.

18. PROVISIONS FOR LIABILITIES

	2019 £	2018 £
Deferred tax	<u>374,409</u>	<u>365,707</u>
		Deferred tax £
Balance at 1 February 2018		365,707
Provided during year		9,235
Credit to revaluation reserve		(533)
Balance at 31 January 2019		<u>374,409</u>

The deferred tax balance comprises the following:

	2018 £	2018 £
Excess of capital allowances over depreciation	312,789	312,789
Short term timing differences	(4,489)	(4,489)
Revalued properties	56,875	57,407
	<u>372,085</u>	<u>365,707</u>

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2019 £	2018 £
300,000	Ordinary	£1	<u>300,000</u>	<u>300,000</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JANUARY 2019

20. RESERVES

	Retained earnings £	Revaluation reserve £	Totals £
At 1 February 2018	1,546,248	280,284	1,826,532
Profit for the year	80,963		80,963
Transfer of excess depreciation	3,135	(3,135)	-
Deferred tax	-	533	533
At 31 January 2019	<u>1,630,346</u>	<u>277,682</u>	<u>1,908,028</u>

21. PENSION COMMITMENTS

The company operates a defined contribution pension scheme for its employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company and amounts to £146,748 (2018: £145,580). Contributions totalling £32,839 (2018: 26,403) were payable to the fund at the year end.

22. ULTIMATE PARENT COMPANY

The ultimate parent company is Mansel Davies & Son (Group) Limited which owns 100% of the issued share capital. Mansel Davies & Son (Group) prepares consolidated financial statements which are available at the registered office, Station Yard, Llanfyrnach, Pembrokeshire, SA35 0BZ.

23. CONTINGENT LIABILITIES

There is a cross guarantee between Mansel Davies & Son Limited and its other group companies, namely, Mansel Davies & Son (Garages) Limited, Pembrokeshire Freight Limited as well as its ultimate parent company, Mansel Davies & Son Group Limited. The guarantee is unlimited as the bank facility is reviewed on a group basis. The aggregate level of overdraft and loans for the group at the 31 January 2019 amounted to £5,680,704 (2018: £6,192,495).

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JANUARY 2019

24. RELATED PARTY DISCLOSURES

During the year the company entered into transactions, in the ordinary course of business, with its related parties. Transactions entered into, and balances outstanding at 31 January are as follows:

Name	Nature of transaction	2019 £	2018 £
Entities under the company's control	Purchases	2,482,264	2,075,526
	Recharge of expenses	2,135,374	2,159,616
	Rent charged	-	40,000
	Management charges receivable	145,000	100,000
Entities that have control, joint control or significant influence over the company	Purchases	137,800	132,800
Key management personnel	Rent	10,500	45,500
Other related parties	Emoluments	145,304	124,050

The following balances existed with the company's related parties as at 31 January 2018:

Name	Nature of balance	2019 £	2018 £
Entities under the company's control	Debtor	306,788	397,149
Entities under common control	Debtor/Creditor	300,702	291,748
Entities that have control, joint control or significant influence over the company	Debtor	507,015	501,495
	Creditor	8,160	8,160

25. ULTIMATE CONTROLLING PARTY

During the year the company was under the ultimate control of S M E Davies by virtue of his controlling interest in the share capital of the holding company.