

REGISTERED NUMBER: 01217358 (England and Wales)

Strategic Report, Report of the Directors and  
Financial Statements  
for the Year Ended 31 December 2017  
for  
J R Harding & Sons (Frome) Limited

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**Contents of the Financial Statements**  
**for the Year Ended 31 December 2017**

	<b>Page</b>
<b>Company Information</b>	<b>1</b>
<b>Strategic Report</b>	<b>2</b>
<b>Report of the Directors</b>	<b>3</b>
<b>Report of the Independent Auditors</b>	<b>5</b>
<b>Statement of Comprehensive Income</b>	<b>7</b>
<b>Statement of Financial Position</b>	<b>8</b>
<b>Statement of Changes in Equity</b>	<b>9</b>
<b>Statement of Cash Flows</b>	<b>10</b>
<b>Notes to the Financial Statements</b>	<b>11</b>

**J R Harding & Sons (Frome) Limited**

**Company Information**  
**for the Year Ended 31 December 2017**

**DIRECTORS:**

John David Harding  
Raymond Kenneth Harding  
Stephen Peter Harding  
Roger Keith Harding  
David John Harding

**SECRETARY:**

John David Harding

**REGISTERED OFFICE:**

Manor Furlong  
Marston Trading Estate  
Frome  
Somerset  
BA11 4RJ

**REGISTERED NUMBER:**

01217358 (England and Wales)

**BANKERS:**

HSBC Plc  
46 Fore Street  
Trowbridge  
Wiltshire  
BA14 8EU

**Strategic Report**  
**for the Year Ended 31 December 2017**

The directors present their strategic report for the year ended 31 December 2017.

**REVIEW OF BUSINESS**

Turnover has increased by £193,000 (7%) which due to the high proportion of fixed costs in the company's cost of sales base has resulted in the company achieving a gross profit margin of 27.3% compared to 14.2% in 2016.

This sales-led increase in gross profit, together with continued tight control of the company's expenditure and ongoing investment in the relationships with our valued customer base has resulted in the company showing a pre-tax profit of £293,053 (2016: £105,704 loss).

**PRINCIPAL RISKS AND UNCERTAINTIES**

Providing cold, chilled and ambient storage and distribution together with commercial vehicle repairs remain the core activities of the company. The company invests heavily in the latest storage and transportation technology to ensure the services provided by the company remain EC, Customs and Lloyds regulation compliant.

An ongoing risk faced by the company is the threat posed by competitor storage logistic firms. However ongoing investment in technology, ultra modern facilities and a commitment to friendly, personal, highly effective services ensures customer retention and loyalty.

Other ongoing risks faced by the company include a general tightening of margins in the cold and chilled storage and distribution markets as a result of the continued problems faced by dairy farmers and milk suppliers both locally and nationally. Our customer focused service and ongoing commitment to investment in technology and people however means we are well placed to work with our customers to help them meet the challenges caused by their changing circumstances.

**FUTURE OUTLOOK**


The company has an established and loyal workforce, a loyal customer base, a commitment to continually invest in its already state of the art facilities and an experienced and dedicated management team. The directors are satisfied that it has the resources and capabilities to meet any future demands faced by the company with enthusiasm, expertise and success.

The short to medium term outlook for the cold and chilled storage and distribution markets is more optimistic than at this stage last year although future local and national problems in milk supply can not be discounted. The directors feel however that the company has the resources and expertise to work with our customers in meeting the challenges presented by any changing circumstances.

**KEY PERFORMANCE INDICATORS**

Apart from those measures identified above in the business review, the directors are of the opinion that the inclusion of financial and non-financial key performance indicators is not necessary for an understanding of the development, performance or position of the company's business.

**ON BEHALF OF THE BOARD:**

  
.....  
John David Harding - Director

Date: .....

10/07/2018

**Report of the Directors**  
**for the Year Ended 31 December 2017**

The directors present their report with the financial statements of the company for the year ended 31 December 2017.

**DIVIDENDS**

A interim dividend of £7.90 per share was paid on 25 January 2017. Further interim dividends of £8.11 per share were paid on 25 April, 25 July and 25 October 2017. The directors recommend that no final dividend be paid.

**DIRECTORS**

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

John David Harding  
Raymond Kenneth Harding  
Stephen Peter Harding  
Roger Keith Harding  
David John Harding

**FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The company holds or issues financial instruments in order to achieve three main objectives, being:

- a) to finance its operations;
- b) to manage its exposure to interest risks arising from its operations and from its sources of finance;
- c) for trading purposes.

In addition, various financial instruments (e.g. trade debtors, trade creditors, accruals and prepayments) arise directly from the company's operations.

**DISCLOSURE IN THE STRATEGIC REPORT**

The company has chosen in accordance with s.414C(11) Companies Act 2006 to set out the company's strategic report information required by Schedule 7 of 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 the future developments of the company.

**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.

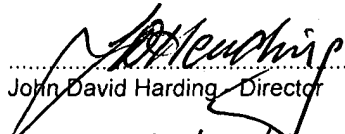
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies 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 December 2017

**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.

**ON BEHALF OF THE BOARD:**

  
.....  
John David Harding Director  
Date: 10/07/2018

**Report of the Independent Auditors to the Members of**  
**J R Harding & Sons (Frome) Limited**

**Opinion**

We have audited the financial statements of J R Harding & Sons (Frome) Limited (the 'company') for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows 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).

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.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 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 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.

**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**  
**J R Harding & Sons (Frome) Limited**

**Responsibilities of directors**

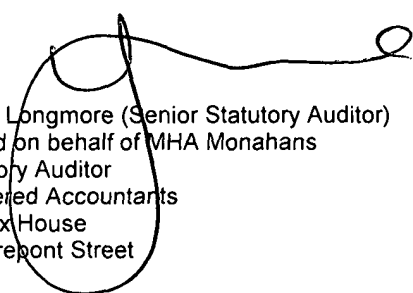
As explained more fully in the Statement of Directors' Responsibilities set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary 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 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.

**Our 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.



Martin Longmore (Senior Statutory Auditor)  
for and on behalf of MHA Monahans  
Statutory Auditor  
Chartered Accountants  
Lennox House  
3 Pierrepont Street  
Bath  
BA1 1LB

Date: .....





**J R Harding & Sons (Frome) Limited (Registered number: 01217358)**

**Statement of Comprehensive Income**  
**for the Year Ended 31 December 2017**

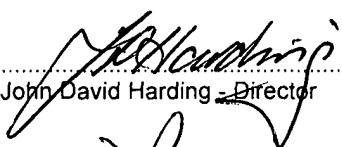
	Notes	2017 £	2016 £
<b>TURNOVER</b>		2,936,742	2,743,432
Cost of sales		2,135,690	2,352,830
<b>GROSS PROFIT</b>		801,052	390,602
Administrative expenses		567,672	549,204
		233,380	(158,602)
Other operating income		55,695	49,315
<b>OPERATING PROFIT/(LOSS)</b>	4	289,075	(109,287)
Interest receivable and similar income		3,978	3,582
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		293,053	(105,705)
Tax on profit/(loss)	5	71,715	(13,866)
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>		221,338	(91,839)
<b>OTHER COMPREHENSIVE INCOME</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		221,338	(91,839)


The notes form part of these financial statements

**Statement of Financial Position**  
**31 December 2017**

	Notes	2017 £	2016 £
<b>FIXED ASSETS</b>			
Tangible assets	7	6,406,206	6,648,035
Investments	8	665	665
		<u>6,406,871</u>	<u>6,648,700</u>
<b>CURRENT ASSETS</b>			
Stocks	9	99,517	98,800
Debtors	10	576,932	508,167
Cash at bank and in hand		1,618,140	1,317,079
		<u>2,294,589</u>	<u>1,924,046</u>
<b>CREDITORS</b>			
Amounts falling due within one year	11	453,941	339,315
<b>NET CURRENT ASSETS</b>		<u>1,840,648</u>	<u>1,584,731</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>8,247,519</u>	<u>8,233,431</u>
<b>PROVISIONS FOR LIABILITIES</b>	13	135,437	159,606
<b>NET ASSETS</b>		<u><u>8,112,082</u></u>	<u><u>8,073,825</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	5,665	5,665
Revaluation reserve	15	2,414,589	2,475,769
Retained earnings	15	5,691,828	5,592,391
<b>SHAREHOLDERS' FUNDS</b>		<u><u>8,112,082</u></u>	<u><u>8,073,825</u></u>

The financial statements were approved by the Board of Directors on 10/7/18 and were signed on its behalf by:

  
John David Harding - Director

  
David John Harding - Director

**Statement of Changes in Equity**  
**for the Year Ended 31 December 2017**

	Called up share capital £	Retained earnings £	Revaluation reserve £	Total equity £
<b>Balance at 1 January 2016</b>	5,665	5,803,647	2,536,949	8,346,261
<b>Changes in equity</b>				
Dividends	-	(180,597)	-	(180,597)
Total comprehensive income	-	(30,659)	(61,180)	(91,839)
<b>Balance at 31 December 2016</b>	<u>5,665</u>	<u>5,592,391</u>	<u>2,475,769</u>	<u>8,073,825</u>
<b>Changes in equity</b>				
Dividends	-	(183,081)	-	(183,081)
Total comprehensive income	-	282,518	(61,180)	221,338
<b>Balance at 31 December 2017</b>	<u><u>5,665</u></u>	<u><u>5,691,828</u></u>	<u><u>2,414,589</u></u>	<u><u>8,112,082</u></u>

**Statement of Cash Flows**  
**for the Year Ended 31 December 2017**

	Notes	2017 £	2016 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	19	495,658	49,453
Tax paid		(16,737)	(99,899)
Net cash from operating activities		<u>478,921</u>	<u>(50,446)</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(24,339)	(95,552)
Sale of tangible fixed assets		25,582	15,023
Interest received		3,978	3,582
Net cash from investing activities		<u>5,221</u>	<u>(76,947)</u>
<b>Cash flows from financing activities</b>			
Equity dividends paid		(183,081)	(180,597)
Net cash from financing activities		<u>(183,081)</u>	<u>(180,597)</u>
<b>Increase/(decrease) in cash and cash equivalents</b>		<u>301,061</u>	<u>(307,990)</u>
<b>Cash and cash equivalents at beginning of year</b>	20	1,317,079	1,625,069
<b>Cash and cash equivalents at end of year</b>	20	<u><u>1,618,140</u></u>	<u><u>1,317,079</u></u>

The notes form part of these financial statements

**Notes to the Financial Statements**  
**for the Year Ended 31 December 2017**

**1. STATUTORY INFORMATION**

J R Harding & Sons (Frome) Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

The 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.

**Preparation of consolidated financial statements**

The financial statements contain information about J R Harding & Sons (Frome) Limited as an individual company and do not contain consolidated financial information as the parent of the group. The company has taken the option under section 405 of the Companies Act 2006 not to prepare consolidated financial statements.

**Revenue recognition**

Turnover is measured at the fair value of the consideration received or receivable and is reduced for customer returns, rebates or other similar allowances and is net of value added taxes. Turnover represents invoiced sales of warehousing services, haulage services and commercial vehicle workshop servicing and repairs.

Warehousing storage income is recognised in the period during which the goods are held. Haulage and commercial vehicle workshop services income is recognised in the period to which the service was performed and / or workshop repairs carried out.

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

- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the company retains neither continuing managerial involvement to the degree associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably; and
- it is probable that the economic benefits associated with the transaction can be measured reliably.

Turnover from the rendering of services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is measured by comparing costs incurred for work performed to date to the total estimated contract costs. Turnover is only recognised to the extent of recoverable expenses when the outcome of a contract cannot be estimated reliably.

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2017**

**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.

Freehold property	- 50 years straight line
Long leasehold	- 50 years straight line
Plant and machinery	- 4 to 20 years straight line
Motor vehicles	- 5 to 8 years straight line

Freehold land is not depreciated.

Land and buildings held and used in the company's own activities for production and supply of goods or for administrative purposes are stated in the statement of financial position at their historical cost amounts.

Elements of plant and machinery are held at deemed cost as a result of the company taking advantage of the transitional relief to measure assets at fair value at date of transition and use the fair value as deemed cost.

**Impairment of non-financial assets**

At each reporting date, the company reviews the carrying amounts of its non financial assets to determine whether there is any indication that any items of property, plant and equipment 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 estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the profit and loss account.

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 the profit and loss account.

**Investments**

Investments in subsidiaries are accounted for at cost less impairment.

**Stock**

Stock is stated at the lower of cost and estimated selling price less costs to complete and sell. Stock is recognised as an expense in the period in which related revenue is recognised. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the stock to its present location and condition.

At the end of each reporting period stocks are assessed for impairment. If an item of stock is impaired, the identified item is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the profit and loss account.

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, 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 statement of financial position date.

**Taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position 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.

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2017**

**2. ACCOUNTING POLICIES - continued**

**Financial instruments**

The company has chosen to adopt the requirements of sections 11 and 12 of FRS 102 in respect of the measurement and disclosure of financial instruments.

**Trade and other debtors**

Trade and other debtors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less impairment losses for bad and doubtful debts except where the effect of discounting would be immaterial. In such cases, the debtors are stated at cost less impairment losses for bad and doubtful debts.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the statement of financial position, bank overdrafts are shown within borrowings or current liabilities.

**Impairment of financial assets**

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade debtors, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of debtors could include the company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on debtors.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade debtors, where the carrying amount is reduced through the use of an allowance account. When a trade debtor is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

**Trade and other creditors**

Trade and other creditors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2017**

**2. ACCOUNTING POLICIES - continued**

**Related parties**

For the purposes of these financial statements, a party is considered to be related to the company if:

- (i) the party has the ability, directly or indirectly, through one or more intermediaries, to control the company or exercise significant influence over the company in making financial and operating policy decisions, or has joint control over the company;
- (ii) the company and the party are subject to common control;
- (iii) the party is an associate of the company or a joint venture in which the company is a venturer;
- (iv) the party is a member of key management personnel of the company or the company's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;
- (v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or
- (vi) the party is a post-employment benefit plan which is for the benefit of employees of the company or of any entity that is a related party of the company.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

**Critical accounting judgements and key sources of estimation uncertainty**

In the application of the company's accounting policies which are described above, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experiences and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below:

**Trade and other debtors** - the allowance for doubtful accounts involves significant management judgement and review of individual debtors based on individual customer creditworthiness, current economic trends and analysis of historical bad debts on a portfolio basis.

**Stock** - significant estimates are involved in the determination of stock provisions. Management exercise significant judgement in determining whether costs of a particular stock line are recoverable on a stock line by stock line basis. A provision is made where a loss can be reliably estimated.

**Provisions** - provisions are recognised when the company has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

**Depreciation** - assets are depreciated over their useful economic lives as estimated by management. This initial estimate of an asset's useful economic life, although informed by management's analysis of previous assets' lives, can have a significant impact on the overall depreciation charge for the year.

**3. EMPLOYEES AND DIRECTORS**

	2017	2016
	£	£
Wages and salaries	1,032,369	1,045,507
Social security costs	91,229	88,475
Other pension costs	8,493	8,493
	<u>1,132,091</u>	<u>1,142,475</u>



**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2017**

**3. EMPLOYEES AND DIRECTORS - continued**

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

	2017	2016
Management and administration	12	11
Drivers and warehouse assistants	35	44
	<u>47</u>	<u>55</u>

All directors have authority and responsibility for planning, directing and controlling the activities of the company and are considered to be key management personnel. The total remuneration in respect of these individuals is given below.

	2017 £	2016 £
Directors' remuneration	53,826	53,240
Directors' pension contributions to money purchase schemes	<u>8,493</u>	<u>8,493</u>

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

Money purchase schemes	<u>4</u>	<u>4</u>
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**4. OPERATING PROFIT/(LOSS)**

The operating profit (2016 - operating loss) is stated after charging/(crediting):

	2017 £	2016 £
Depreciation - owned assets	266,168	319,004
Profit on disposal of fixed assets	(25,582)	(15,023)
Auditors' remuneration	<u>9,000</u>	<u>9,000</u>

**5. TAXATION**

**Analysis of the tax charge/(credit)**

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

	2017 £	2016 £
Current tax:		
UK corporation tax	95,884	16,732
Deferred tax	<u>(24,169)</u>	<u>(30,598)</u>
Tax on profit/(loss)	<u>71,715</u>	<u>(13,866)</u>

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2017**

**5. TAXATION - continued**

**Reconciliation of total tax charge/(credit) 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:

	2017 £	2016 £
Profit/(loss) before tax	<u>293,053</u>	<u>(105,705)</u>
Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 19.247% (2016 - 20%)	56,404	(21,141)
Effects of:		
Expenses not deductible for tax purposes	538	702
Income not taxable for tax purposes	(4,924)	(3,005)
Depreciation in excess of capital allowances	<u>19,697</u>	<u>9,578</u>
Total tax charge/(credit)	<u>71,715</u>	<u>(13,866)</u>

**6. DIVIDENDS**

	2017 £	2016 £
Ordinary shares of £1 each		
Interim	<u>183,081</u>	<u>180,597</u>

**7. TANGIBLE FIXED ASSETS**

	Freehold property £	Long leasehold £	Plant and machinery £	Motor vehicles £	Totals £
<b>COST</b>					
At 1 January 2017	1,697,135	4,250,000	3,866,369	1,681,515	11,495,019
Additions	-	-	24,339	-	24,339
Disposals	-	-	(24,053)	(189,400)	(213,453)
At 31 December 2017	<u>1,697,135</u>	<u>4,250,000</u>	<u>3,866,655</u>	<u>1,492,115</u>	<u>11,305,905</u>
<b>DEPRECIATION</b>					
At 1 January 2017	47,100	195,002	3,461,657	1,143,225	4,846,984
Charge for year	10,000	65,000	85,299	105,869	266,168
Eliminated on disposal	-	-	(24,053)	(189,400)	(213,453)
At 31 December 2017	<u>57,100</u>	<u>260,002</u>	<u>3,522,903</u>	<u>1,059,694</u>	<u>4,899,699</u>
<b>NET BOOK VALUE</b>					
At 31 December 2017	<u>1,640,035</u>	<u>3,989,998</u>	<u>343,752</u>	<u>432,421</u>	<u>6,406,206</u>
At 31 December 2016	<u>1,650,035</u>	<u>4,054,998</u>	<u>404,712</u>	<u>538,290</u>	<u>6,648,035</u>

Included in cost of land and buildings is freehold land of £2,197,135 (2016 - £2,197,135) which is not depreciated.

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2017**

**8. FIXED ASSET INVESTMENTS**

	Unlisted investments £
<b>COST</b>	
At 1 January 2017	
and 31 December 2017	665
<b>NET BOOK VALUE</b>	
At 31 December 2017	665
At 31 December 2016	665

The company's investments at the Statement of Financial Position date in the share capital of companies include the following:

**Wessex Trucks (Frome) Limited**

Registered office:

Nature of business: Dormant subsidiary

	% holding 100.00	2017 £	2016 £
Class of shares:			
Ordinary £1			
Aggregate capital and reserves		250	250

**9. STOCKS**

	2017 £	2016 £
Fuel and consumables	99,517	98,800
Stock recognised in cost of sales during the year as an expense was	298,275	283,858
An impairment loss / (impairment reversal) was recognised in cost of sales against stock during the year	7,577	5,791

**10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2017 £	2016 £
Trade debtors	472,593	415,398
Prepayments	104,339	92,769
	576,932	508,167

Impairments against trade and other debtors have been recorded as follows:

	2017 £	2016 £
An impairment loss was recognised against trade debtors	Nil	Nil

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2017**

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

	2017 £	2016 £
Trade creditors	137,478	121,522
Corporation tax	95,884	16,737
Social security and other taxes	130,584	115,808
Other creditors	36,885	32,328
Amounts owed to group undertaking	250	250
Accrued expenses	52,860	52,670
	<u>453,941</u>	<u>339,315</u>

**12. FINANCIAL INSTRUMENTS**

Exposure to foreign currency, credit, liquidity and cash flow interest rate risks arises in the normal course of the company's business. These risks are limited by the company's financial management policies and practices described below.

**Foreign currency risk**

The company has limited exposure to foreign currency risk. Substantially all of the company's sales and purchases are denominated in sterling.

**Credit risk and market risk**

The company is at risk from its customers defaulting in making payments for goods and services that have been supplied to them. The company mitigates this risk by taking out credit insurance against all credit offered to its customers.

**Liquidity risk**

The directors have ultimate responsibility for liquidity risk management in maintaining adequate reserves, banking facilities and reserve borrowing facilities. They do this by continuously reviewing cash flows and ensuring cash reserves are sufficient to meet ongoing liabilities.

**Cash flow interest rate risk**

The company is exposed to interest rate risk through the impact of rate changes on interest-bearing assets. The company's policy is to obtain the most favourable interest rates available for its assets.

The company has no significant interest-bearing liabilities.

The company does not use any derivative instruments to reduce its economic exposure to changes in interest rates.

**13. PROVISIONS FOR LIABILITIES**

	2017 £	2016 £
Deferred tax	<u>135,437</u>	<u>159,606</u>
		Deferred tax
		£
Balance at 1 January 2017		159,606
Credit to Statement of Comprehensive Income during year		(24,169)
Balance at 31 December 2017		<u>135,437</u>

Deferred taxation relates to accelerated capital allowances.

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2017**

**14. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:		Nominal value: £1	2017	2016
Number:	Class:		£	£
5,665	Ordinary		<u>5,665</u>	<u>5,665</u>

Called-up share capital represents the nominal value of shares that have been issued.

**15. RESERVES**

	Retained earnings £	Revaluation reserve £	Totals £
At 1 January 2017	5,592,391	2,475,769	8,068,160
Profit for the year	221,338		221,338
Dividends	(183,081)		(183,081)
Transfer	61,180	(61,180)	-
At 31 December 2017	<u>5,691,828</u>	<u>2,414,589</u>	<u>8,106,417</u>

Profit and loss account - includes all current and prior period retained profits and losses.

Revaluation reserve - represents the revaluation of plant & machinery and land & buildings.

The company has distributable reserves of £5,691,828 (2016:£5,592,391)

**16. CAPITAL MANAGEMENT**

Capital comprises share capital and reserves stated on the balance sheet. The company's objective when managing capital is to provide sufficient resources to allow the continued investment in new products that is required in the rapidly changing market in which the company operates and to safeguard the company's ability to continue as a going concern, so that it can continue to provide returns for shareholders.

The company manages capital by regularly monitoring its current and expected liquidity requirements rather than using debt/equity ratio analyses. No changes were made in the objectives, policies and processes during the year 2016 and 2017.

The company is substantially owned by the directors. The share capital and reserves totalling £8,112,082 (2016: £8,073,825) supplemented by borrowings provides the majority of the working capital required by the company. The company is not subject to either internally or externally imposed capital requirements.

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2017**

**17. RELATED PARTY DISCLOSURES**

Debtors in note 10 to the financial statements include the following amounts which are owed to the company by the directors. The company also made sales to directors as shown below:

	<b>Debtor 2017 £</b>	<b>Debtor 2016 £</b>	<b>Sales 2017 £</b>	<b>Sales 2016 £</b>
J D Harding	97	56	30	550
Ray K Harding	-	78	-	445
S P Harding	302	566	371	8,790
Roger K Harding	1,045	823	319	2,437
D J Harding	162	66	400	1,628

Amounts owed to group undertakings compose a loan of £250 (2016: £250) from Wessex Trucks (Frome) Limited. This loan is unsecured, interest free and repayable on demand.

The company paid dividends during the year to the directors as follows:

	<b>Dividend received in year</b>
J D Harding	£36,616
Ray K Harding	£36,616
S P Harding	£36,616
Roger K Harding	£36,616
D J Harding	£36,616

**18. ULTIMATE CONTROLLING PARTY**

The company is under the control of the directors J D Harding, Ray K Harding, S P Harding, Roger K Harding and D J Harding who each own 20% of the issued share capital of the company.

**19. RECONCILIATION OF PROFIT/(LOSS) BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	<b>2017 £</b>	<b>2016 £</b>
Profit/(loss) before taxation	293,053	(105,705)
Depreciation charges	266,168	319,004
Profit on disposal of fixed assets	(25,582)	(15,023)
Finance income	(3,978)	(3,582)
	<hr/>	<hr/>
	529,661	194,694
Increase in stocks	(717)	(10,342)
(Increase)/decrease in trade and other debtors	(68,765)	166,895
Increase/(decrease) in trade and other creditors	35,479	(301,794)
	<hr/>	<hr/>
<b>Cash generated from operations</b>	<b>495,658</b>	<b>49,453</b>

**20. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

**Year ended 31 December 2017**

	<b>31.12.17 £</b>	<b>1.1.17 £</b>
Cash and cash equivalents	1,618,140	1,317,079

**Year ended 31 December 2016**

	<b>31.12.16 £</b>	<b>1.1.16 £</b>
Cash and cash equivalents	1,317,079	1,625,069