

REGISTRAR'S COPY

L. LYNCH (PLANT HIRE & HAULAGE) LIMITED
STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2018

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L. LYNCH (PLANT HIRE & HAULAGE) LIMITED

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FOR THE YEAR ENDED 28 FEBRUARY 2018**

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L. LYNCH (PLANT HIRE & HAULAGE) LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 28 FEBRUARY 2018**

DIRECTORS:

Mr L Lynch
Mr R M Lynch
Mr M L Lynch

SECRETARY:

Mr F Swampillai

REGISTERED OFFICE:

Boundary Way
Hemel Hempstead
Hertfordshire
HP2 7YU

REGISTERED NUMBER:

02841395 (England and Wales)

AUDITORS:

Freemans Partnership LLP
Chartered Certified Accountants
and Statutory Auditors
Solar House
282 Chase Road
London
N14 6NZ

BANKERS:

HSBC Bank Plc
9 The Boulevard
Crawley
West Sussex
RH10 1UT

L. LYNCH (PLANT HIRE & HAULAGE) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 28 FEBRUARY 2018

The directors present their strategic report for the year ended 28 February 2018.

REVIEW OF BUSINESS

L Lynch (Plant Hire & Haulage) Ltd has been established for over 30 years and is a leading name in the plant hire industry.

This has been accomplished by continuing to listen to its customers and implementing cost-effective methods to meet their requirements.

The company has a strong commitment to its customers which ensures that best service is given at all times. It has delivered this standard by employing highly-skilled, well-trained and fully motivated staff, as well as investing in the latest plant hire machines and technology.

The aim is to continue to be recognised as the leading plant hire company in the UK through excellent customer service.

The company experienced a reduction in turnover this year mainly due to its consolidation of depots with the aim to increase profitability and quality of service provided. Plant hire divisions yielded more profits as a consequence of this. The gross profit margin had a slight decline compared to last year mainly due to the higher costs incurred during the consolidations. However, the admin costs have decreased due to the new head office and the disposal of old machinery that required ongoing maintenance.

The increased profitability of the plant hire section also related to the company working closely with main contractors and winning major projects. Superiority of plant, equipment and personnel supplied played a key role in achieving this growth. In the upcoming year the company expects to achieve more profit growth and also win additional major infrastructure projects.

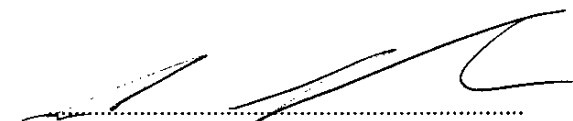
The directors are confident that the incoming fiscal year will bring more growth to the businesses in terms of profits and expect this trend to continue on the back of the recovery in the market as a whole post referendum.

The directors have identified the following key performance indicators:

| | 2018 | 2017 |
|--|----------------------|----------------------|
| Turnover | £62,642,837 | £71,448,859 |
| Percentage Increase (decrease) in turnover | (12.32%) | (1.6%) |
| Gross Profit % | 28.5% | 29.2% |
| Net Profit % | 2.6% | 2.2% |
| Net Current (Liabilities)/ Assets | (£14,423,543) | (£13,644,414) |
| Shareholders Funds | £13,416,444 | £13,373,433 |

The company's principal financial instruments include bank loans, finance leases and hire purchase and leasing contracts which are used to raise finance for its operations. The directors consider that the main risks and uncertainties that are relevant to the company are credit risk and interest rate risk and they believe that they have taken reasonable steps to manage these risks through detailed cash-flow planning and by negotiating competitive rates with various financial lenders. They manage the company's borrowing to minimise its interest expense whilst ensuring it has sufficient liquid resources to meet its operating needs.

ON BEHALF OF THE BOARD:


.....
Mr L Lynch - Director

22 October 2018

L. LYNCH (PLANT HIRE & HAULAGE) LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 28 FEBRUARY 2018

The directors present their report with the financial statements of the company for the year ended 28 February 2018.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of plant hire and haulage.

DIVIDENDS

The total distribution of dividends for the year ended 28 February 2018 was £1,427,000.

DIRECTORS

The Directors who served the company during the year were as follows:

Mr L Lynch
Mr RM Lynch
Mr ML Lynch

POLITICAL AND CHARITABLE DONATIONS AND EXPENDITURE

During the year company made following political and charitable donations :

| | £ |
|------------------------------|--------------|
| The Lighthouse Club | 3,000 |
| Save The Children | 820 |
| Sightsavers | 440 |
| Various charitable donations | 3,677 |
| | <hr/> |
| | <u>7,937</u> |

DISCLOSURE IN THE STRATEGIC REPORT

Details of the directors' review of business, future developments and risk exposure in relation to the company are included in the company's strategic report.

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.

L. LYNCH (PLANT HIRE & HAULAGE) LIMITED

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 28 FEBRUARY 2018**

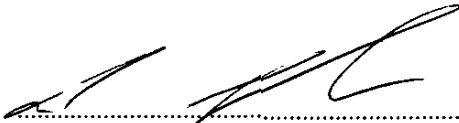
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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.

AUDITORS

The auditors, Freemans Partnership LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:


.....
Mr L Lynch - Director

22 October 2018

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
L. LYNCH (PLANT HIRE & HAULAGE) LIMITED**

Opinion

We have audited the financial statements of L. Lynch (Plant Hire & Haulage) Limited (the 'company') for the year ended 28 February 2018 which comprise the Statement of 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 28 February 2018 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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
L. LYNCH (PLANT HIRE & HAULAGE) 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 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.

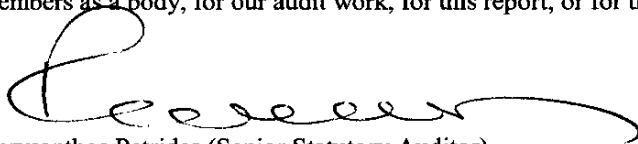
Auditors' responsibilities for the audit of the financial statements

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.



Chrysanthos Petrides (Senior Statutory Auditor)
for and on behalf of Freemans Partnership LLP
Chartered Certified Accountants
and Statutory Auditors
Solar House
282 Chase Road
London
N14 6NZ

22 October 2018

L. LYNCH (PLANT HIRE & HAULAGE) LIMITED**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 28 FEBRUARY 2018**

| | Notes | 28.2.18 £ | 28.2.17 £ |
|--|-------|-------------------------|-------------------|
| TURNOVER | 3 | 62,642,837 | 71,448,859 |
| Cost of sales | | <u>44,806,182</u> | <u>50,576,601</u> |
| GROSS PROFIT | | 17,836,655 | 20,872,258 |
| Administrative expenses | | <u>15,156,691</u> | <u>17,654,484</u> |
| | | 2,679,964 | 3,217,774 |
| Other operating income | | <u>-</u> | <u>59,734</u> |
| OPERATING PROFIT | 5 | 2,679,964 | 3,277,508 |
| Interest receivable and similar income | | <u>29,109</u> | <u>-</u> |
| | | 2,709,073 | 3,277,508 |
| Interest payable and similar expenses | 6 | <u>1,103,466</u> | <u>1,706,357</u> |
| PROFIT BEFORE TAXATION | | 1,605,607 | 1,571,151 |
| Tax on profit | 7 | <u>135,596</u> | <u>367,354</u> |
| PROFIT FOR THE FINANCIAL YEAR | | 1,470,011 | 1,203,797 |
| OTHER COMPREHENSIVE INCOME | | <u>-</u> | <u>-</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | <u>1,470,011</u> | <u>1,203,797</u> |

The notes form part of these financial statements

L. LYNCH (PLANT HIRE & HAULAGE) LIMITED (REGISTERED NUMBER: 02841395)

**BALANCE SHEET
28 FEBRUARY 2018**

| | Notes | 28.2.18 | 28.2.17 |
|--|-------|--------------------------|--------------------------|
| | | £ | £ |
| FIXED ASSETS | | | |
| Tangible assets | 9 | 40,834,548 | 52,027,063 |
| CURRENT ASSETS | | | |
| Stocks | 10 | 221,076 | 151,176 |
| Debtors | 11 | 14,219,727 | 18,784,490 |
| Cash at bank and in hand | | <u>469,254</u> | <u>557,210</u> |
| | | 14,910,057 | 19,492,876 |
| CREDITORS | | | |
| Amounts falling due within one year | 12 | <u>29,333,600</u> | <u>33,137,290</u> |
| NET CURRENT LIABILITIES | | <u>(14,423,543)</u> | <u>(13,644,414)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 26,411,005 | 38,382,649 |
| CREDITORS | | | |
| Amounts falling due after more than one year | 13 | (12,984,908) | (25,000,999) |
| PROVISIONS FOR LIABILITIES | 17 | <u>(9,653)</u> | <u>(8,217)</u> |
| NET ASSETS | | <u><u>13,416,444</u></u> | <u><u>13,373,433</u></u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 18 | 100 | 100 |
| Retained earnings | 19 | <u>13,416,344</u> | <u>13,373,333</u> |
| SHAREHOLDERS' FUNDS | | <u><u>13,416,444</u></u> | <u><u>13,373,433</u></u> |

The financial statements were approved by the Board of Directors on 22 October 2018 and were signed on its behalf by:



 Mr L Lynch - Director

The notes form part of these financial statements

L. LYNCH (PLANT HIRE & HAULAGE) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 28 FEBRUARY 2018**

| | Called up share capital £ | Retained earnings £ | Total equity £ |
|------------------------------------|--|------------------------------------|-------------------------------|
| Balance at 1 March 2016 | 100 | 12,754,536 | 12,754,636 |
| Changes in equity | | | |
| Dividends | - | (585,000) | (585,000) |
| Total comprehensive income | - | <u>1,203,797</u> | <u>1,203,797</u> |
| Balance at 28 February 2017 | <u>100</u> | <u>13,373,333</u> | <u>13,373,433</u> |
| Changes in equity | | | |
| Dividends | - | (1,427,000) | (1,427,000) |
| Total comprehensive income | - | <u>1,470,011</u> | <u>1,470,011</u> |
| Balance at 28 February 2018 | <u>100</u> | <u>13,416,344</u> | <u>13,416,444</u> |

The notes form part of these financial statements

L. LYNCH (PLANT HIRE & HAULAGE) LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 28 FEBRUARY 2018**

| | Notes | 28.2.18 £ | 28.2.17 £ |
|---|-------|----------------------------|----------------------------|
| Cash flows from operating activities | | | |
| Cash generated from operations | 1 | 21,057,306 | 16,458,885 |
| Interest paid | | (1,103,466) | (1,706,357) |
| Tax paid | | (196,747) | (345,446) |
| Net cash from operating activities | | <u>19,757,093</u> | <u>14,407,082</u> |
| Cash flows from investing activities | | | |
| Purchase of tangible fixed assets | | (4,129,403) | (16,359,203) |
| Sale of tangible fixed assets | | 6,198,859 | 1,668,659 |
| Interest received | | 29,109 | - |
| Net cash from investing activities | | <u>2,098,565</u> | <u>(14,690,544)</u> |
| Cash flows from financing activities | | | |
| New Finance leases in year | | 3,760,610 | 16,288,167 |
| Capital repayments in year | | (20,192,139) | (15,024,855) |
| Amount withdrawn by directors | | (3,796) | (24,092) |
| Equity dividends paid | | (1,427,000) | (585,000) |
| Net cash from financing activities | | <u>(17,862,325)</u> | <u>654,220</u> |
| Increase in cash and cash equivalents | | <u>3,993,333</u> | <u>370,758</u> |
| Cash and cash equivalents at beginning of year | 2 | (6,661,236) | (7,031,994) |
| Cash and cash equivalents at end of year | 2 | <u>(2,667,903)</u> | <u>(6,661,236)</u> |

The notes form part of these financial statements

L. LYNCH (PLANT HIRE & HAULAGE) LIMITED

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 28 FEBRUARY 2018**

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

| | 28.2.18 | 28.2.17 |
|---------------------------------------|--------------------------|--------------------------|
| | £ | £ |
| Profit before taxation | 1,605,607 | 1,571,151 |
| Depreciation charges | 8,657,304 | 9,925,703 |
| Loss on disposal of fixed assets | 465,755 | 81,368 |
| Finance costs | 1,103,466 | 1,706,357 |
| Finance income | (29,109) | - |
| | 11,803,023 | 13,284,579 |
| Increase in stocks | (69,900) | (28,709) |
| Decrease in trade and other debtors | 4,568,032 | 2,002,091 |
| Increase in trade and other creditors | 4,756,151 | 1,200,924 |
| Cash generated from operations | <u>21,057,306</u> | <u>16,458,885</u> |

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 28 February 2018

| | 28.2.18 | 1.3.17 |
|---------------------------|---------------------------|---------------------------|
| | £ | £ |
| Cash and cash equivalents | 469,254 | 557,210 |
| Bank overdrafts | (3,137,157) | (7,218,446) |
| | <u>(2,667,903)</u> | <u>(6,661,236)</u> |

Year ended 28 February 2017

| | 28.2.17 | 1.3.16 |
|---------------------------|---------------------------|---------------------------|
| | £ | £ |
| Cash and cash equivalents | 557,210 | 460,938 |
| Bank overdrafts | (7,218,446) | (7,492,932) |
| | <u>(6,661,236)</u> | <u>(7,031,994)</u> |

The notes form part of these financial statements

L. LYNCH (PLANT HIRE & HAULAGE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2018

1. STATUTORY INFORMATION

L. Lynch (Plant Hire & Haulage) 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.

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.

Turnover

Turnover represents amounts derived from the provision of services to customers during the year, and is recognised at the date the service was provided. This is stated after trade discounts, other sales taxes and net of VAT.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

| | |
|----------------------|---------------------------|
| Fixtures & equipment | - 15% on reducing balance |
| Computer equipment | - 15% on reducing balance |
| Plant & machinery | - 17% on reducing balance |

Tangible fixed assets are stated at cost or valuation less depreciation.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost is calculated as follows:

Raw materials and consumables - Purchase cost on a first in, first out basis.

L. LYNCH (PLANT HIRE & HAULAGE) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 28 FEBRUARY 2018**

2. ACCOUNTING POLICIES - continued

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 balance sheet date.

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.

Hire purchase and leased asset commitments

A lease is classified as a finance lease if it transfers sustainably all the risk and rewards incidental to ownership. All other leases are classified as operating leases.

The right to use and obligations under finance leases are initially recognised as assets and liabilities at the amounts equal to the fair value or, if lower, the present value of the minimum lease payments.

Minimum lease payments are apportioned between the finance charge and the reduction in the outstanding liability using the effective interest rate method. The finance charge is allocated to each period during the lease so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Leased assets are depreciated in accordance with the company's policy for tangible fixed assets. If there is no reasonable certainty that ownership will be obtained at the end of the lease term, the asset is depreciated over the lower of the lease term and its useful life.

Operating lease payments are recognised as an expense on a straight line basis over the lease term.

L. LYNCH (PLANT HIRE & HAULAGE) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 28 FEBRUARY 2018**

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:

| | 28.2.18 | 28.2.17 |
|----------------|--------------------------|-------------------|
| | £ | £ |
| United Kingdom | <u>62,642,837</u> | <u>71,448,859</u> |
| | <u>62,642,837</u> | <u>71,448,859</u> |

4. EMPLOYEES AND DIRECTORS

| | 28.2.18 | 28.2.17 |
|--------------------|-------------------------|------------------|
| | £ | £ |
| Wages and salaries | <u>5,777,866</u> | <u>5,037,469</u> |

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

| | 28.2.18 | 28.2.17 |
|--------------------------|-------------------|------------|
| Management | 9 | 10 |
| Selling and distribution | 56 | 75 |
| Office | <u>59</u> | <u>47</u> |
| | <u>124</u> | <u>132</u> |

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

| | | |
|------------------------|-----------------|----------|
| Money purchase schemes | <u>3</u> | <u>3</u> |
|------------------------|-----------------|----------|

5. OPERATING PROFIT

The operating profit is stated after charging:

| | 28.2.18 | 28.2.17 |
|---|---------------------|---------------|
| | £ | £ |
| Other operating leases | 183,078 | 160,720 |
| Depreciation - owned assets | 8,657,304 | 9,925,703 |
| Finance lease charges | 58,497 | 23,966 |
| Loss on disposal of fixed assets | 465,755 | 81,368 |
| Plant hire | 9,328,992 | 8,421,320 |
| Auditors' remuneration | 10,000 | 10,000 |
| Auditors' remuneration for non audit work | 25,935 | 15,850 |
| Directors' remuneration | 318,999 | 243,279 |
| Directors' pension contribution to money purchase schemes | <u>5,125</u> | <u>14,654</u> |

L. LYNCH (PLANT HIRE & HAULAGE) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 28 FEBRUARY 2018**

5. OPERATING PROFIT - continued

Depreciation - owned assets includes depreciation charges of £8,647,886 (2017: £9,919,562) in respect of assets held under hire purchase contracts.

6. INTEREST PAYABLE AND SIMILAR EXPENSES

| | 28.2.18 | 28.2.17 |
|------------------------|-------------------------|------------------|
| | £ | £ |
| Interest on tax | 7,159 | - |
| Finance lease interest | <u>1,096,307</u> | <u>1,706,357</u> |
| | <u>1,103,466</u> | <u>1,706,357</u> |

7. TAXATION

Analysis of the tax charge

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

| | 28.2.18 | 28.2.17 |
|--------------------------------|-----------------------|----------------|
| | £ | £ |
| Current tax: | | |
| UK corporation tax | 134,160 | 352,457 |
| Over provision of corp tax | - | <u>9,477</u> |
| Total current tax | 134,160 | 361,934 |
| Deferred tax: | | |
| Accelerated capital allowances | <u>1,436</u> | <u>5,420</u> |
| Tax on profit | <u>135,596</u> | <u>367,354</u> |

Reconciliation of total tax charge 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:

| | 28.2.18 | 28.2.17 |
|---|-------------------------|------------------|
| | £ | £ |
| Profit before tax | <u>1,605,607</u> | <u>1,571,151</u> |
| Profit multiplied by the standard rate of corporation tax in the UK of 19.030% (2017 - 20%) | 305,547 | 314,230 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 117,146 | 43,802 |
| Capital allowances in excess of depreciation | (1,829) | (5,575) |
| Adjustments to tax charge in respect of previous periods | (286,704) | 9,477 |
| Deferred tax timing differences | <u>1,436</u> | <u>5,420</u> |
| Total tax charge | <u>135,596</u> | <u>367,354</u> |

L. LYNCH (PLANT HIRE & HAULAGE) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 28 FEBRUARY 2018**

8. DIVIDENDS

| | | |
|-------|-------------------------|-----------------------|
| | 28.2.18 | 28.2.17 |
| | £ | £ |
| Final | <u>1,427,000</u> | <u>585,000</u> |

9. TANGIBLE FIXED ASSETS

| | Plant and machinery £ | Fixtures & equipment £ | Computer equipment £ | Totals £ |
|------------------------|-----------------------------|------------------------------|----------------------------|--------------------------|
| COST | | | | |
| At 1 March 2017 | 74,628,827 | 144,183 | 12,605 | 74,785,615 |
| Additions | 4,111,710 | 6,009 | 11,684 | 4,129,403 |
| Disposals | <u>(11,797,369)</u> | <u>-</u> | <u>-</u> | <u>(11,797,369)</u> |
| At 28 February 2018 | <u>66,943,168</u> | <u>150,192</u> | <u>24,289</u> | <u>67,117,649</u> |
| DEPRECIATION | | | | |
| At 1 March 2017 | 22,650,283 | 106,246 | 2,023 | 22,758,552 |
| Charge for year | 8,647,886 | 6,441 | 2,977 | 8,657,304 |
| Eliminated on disposal | <u>(5,132,755)</u> | <u>-</u> | <u>-</u> | <u>(5,132,755)</u> |
| At 28 February 2018 | <u>26,165,414</u> | <u>112,687</u> | <u>5,000</u> | <u>26,283,101</u> |
| NET BOOK VALUE | | | | |
| At 28 February 2018 | <u>40,777,754</u> | <u>37,505</u> | <u>19,289</u> | <u>40,834,548</u> |
| At 28 February 2017 | <u>51,978,544</u> | <u>37,937</u> | <u>10,582</u> | <u>52,027,063</u> |

All plant and machinery are held under finance agreements.

10. STOCKS

| | | |
|--------|-----------------------|-----------------------|
| | 28.2.18 | 28.2.17 |
| | £ | £ |
| Stocks | <u>221,076</u> | <u>151,176</u> |

Stock includes raw materials and consumables.

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | | |
|---------------------------------|--------------------------|--------------------------|
| | 28.2.18 | 28.2.17 |
| | £ | £ |
| Trade debtors | 13,218,674 | 16,168,523 |
| Amounts owed by related company | - | 148,463 |
| Other debtors | 431,051 | 1,397,731 |
| Tax | 3,269 | - |
| VAT | - | 360,122 |
| Prepayments and accrued income | <u>566,733</u> | <u>709,651</u> |
| | <u>14,219,727</u> | <u>18,784,490</u> |

L. LYNCH (PLANT HIRE & HAULAGE) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 28 FEBRUARY 2018**

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR - continued

Trade debtors include factored debts totalling £10,783,030 as at the year end against which the company has received an advance from its bank of £2,539,920 as detailed in note 16.

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 28.2.18 | 28.2.17 |
|---|--------------------------|--------------------------|
| | £ | £ |
| Bank loans and overdrafts (see note 14) | 3,137,157 | 7,218,446 |
| Finance leases (see note 15) | 14,611,644 | 19,027,082 |
| Trade creditors | 4,326,321 | 5,671,632 |
| Amounts owed to related company | 4,955,306 | 3,966 |
| Tax | - | 59,318 |
| Social security and other taxes | 242,245 | 161,506 |
| Net wages control account | 35,128 | 2,193 |
| Pensions | 8,881 | 5,063 |
| VAT | 262,791 | - |
| Payments on account | 131,720 | 95,859 |
| Directors' loan accounts | 413 | 4,209 |
| Deferred income | 197,974 | 539 |
| Accrued expenses | 1,424,020 | 887,477 |
| | <u>29,333,600</u> | <u>33,137,290</u> |

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

| | 28.2.18 | 28.2.17 |
|------------------------------|--------------------------|--------------------------|
| | £ | £ |
| Finance leases (see note 15) | <u>12,984,908</u> | <u>25,000,999</u> |

14. LOANS

An analysis of the maturity of loans is given below:

| | 28.2.18 | 28.2.17 |
|---|-------------------------|-------------------------|
| | £ | £ |
| Amounts falling due within one year or on demand: | | |
| Bank overdrafts | <u>3,137,157</u> | <u>7,218,446</u> |

L. LYNCH (PLANT HIRE & HAULAGE) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 28 FEBRUARY 2018**

15. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

| | Finance leases | |
|----------------------------|--------------------------|--------------------------|
| | 28.2.18 | 28.2.17 |
| | £ | £ |
| Net obligations repayable: | | |
| Within one year | 14,611,644 | 19,027,082 |
| Between one and five years | 12,984,908 | 25,000,999 |
| | <u>27,596,552</u> | <u>44,028,081</u> |

| | Non-cancellable operating leases | |
|-----------------|---|----------------------|
| | 28.2.18 | 28.2.17 |
| | £ | £ |
| Within one year | <u>248,352</u> | <u>17,665</u> |

16. SECURED DEBTS

Bank loans and overdrafts, as detailed in note 14 above, include an advance of £2,539,920 as part of the company's invoice financing agreement and is secured against trade debtors as detailed in note 11.

The bank loan and overdraft are also secured by a debenture including fixed and floating charges over all of the company's assets. In addition the bank holds an unlimited multilateral guarantee with the related company L Lynch (Holdings) Ltd.

17. PROVISIONS FOR LIABILITIES

| | 28.2.18 | 28.2.17 |
|--------------------------|---------------------|---------------------|
| | £ | £ |
| Deferred tax | | |
| Other timing differences | <u>9,653</u> | <u>8,217</u> |

| | Deferred tax £ |
|-----------------------------|-------------------------------|
| Balance at 1 March 2017 | 8,217 |
| Provided during year | <u>1,436</u> |
| Balance at 28 February 2018 | <u>9,653</u> |

18. CALLED UP SHARE CAPITAL

| Allotted, issued and fully paid: | | | | |
|----------------------------------|----------|-------------------|-------------------|-------------------|
| Number: | Class: | Nominal value: | 28.2.18 | 28.2.17 |
| | | | £ | £ |
| 100 | Ordinary | £1 | <u>100</u> | <u>100</u> |

L. LYNCH (PLANT HIRE & HAULAGE) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 28 FEBRUARY 2018**

19. RESERVES

| | Retained earnings £ |
|---------------------|------------------------------------|
| At 1 March 2017 | 13,373,333 |
| Profit for the year | 1,470,011 |
| Dividends | <u>(1,427,000)</u> |
| At 28 February 2018 | <u>13,416,344</u> |

20. RELATED PARTY DISCLOSURES

Related parties with common control

| | 28.2.18 £ | 28.2.17 £ |
|-------------------------------|-------------------------|----------------------|
| Purchases | 4,000,000 | 3,500,000 |
| Transfers | 1,103,769 | (1,183,276) |
| Amount due from related party | - | 148,463 |
| Amount due to related party | <u>4,955,306</u> | <u>3,966</u> |

During the year the company was invoiced plant hire charges totalling to £4,000,000 (2017: £3,500,000) by L. Lynch (Holdings) Limited in which Mr L Lynch has a controlling interest. The services were charged on a commercial basis. The amount outstanding to L. Lynch (Holdings) Limited at the year end was £4,955,306 (2017: Amounts due from L. Lynch (Holdings) Limited - £148,463). The loan is unsecured, interest free and payable on demand.

21. ULTIMATE CONTROLLING PARTY

The ultimate control of the company lies with its director Mr. L Lynch by virtue of the fact that he owns all of the issued shares.