

Company Registration No. 02589669 (England and Wales)

ROAD TANKERS (NORTHERN) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

ROAD TANKERS (NORTHERN) LIMITED

COMPANY INFORMATION

Directors Mr F Newell
Mr S J Lawtey
Mr S J Newell
Mr D McKelvie

Company number 02589669

Registered office Templeborough Depot
Sheffield Road
Sheffield
South Yorkshire
S9 1RT

Auditor GBAC Limited
Old Linen Court
83-85 Shambles Street
Barnsley
South Yorkshire
S70 2SB

Bankers HSBC
5 Market Hill
Barnsley
South Yorkshire
S70 2PY

ROAD TANKERS (NORTHERN) LIMITED

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ROAD TANKERS (NORTHERN) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 AUGUST 2020

The directors present the strategic report for the year ended 31 August 2020.

Fair review of the business

Turnover has increased this year by 11.2% to £17,563,494. The directors consider the profit on ordinary activities before taxation to be satisfactory.

The key financial highlights are as follows:

2020 2019 2018 2017 2016

Turnover 17,563,494 15,788,799 15,246,043 13,827,624 14,093,798

Turnover growth (%) 11.2 3.6 10.3 (1.9) 18.1

Gross profit margin (%) 10.3 10.3 10.0 11.9 11.0

Profit before tax 90,274 175,281 91,142 214,266 296,750

On behalf of the board

Mr S J Lawtey

Director

26 May 2021

ROAD TANKERS (NORTHERN) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2020

The directors present their annual report and financial statements for the year ended 31 August 2020.

Principal activities

The principal activity of the company continued to be the sale of road tankers and vehicle hire.

Results and dividends

The results for the year are set out on page 8.

The dividends paid during the year totalled £Nil (2018: £Nil).

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr F Newell
Mr S J Lawtey
Mr S J Newell
Mr D McKelvie

Financial instruments

The company's financial instruments comprise bank balances, bank overdrafts, trade creditors, trade debtors, loans to the company and finance lease agreements. The main purpose of these instruments is to raise funds for the company's operations and to finance the company's operations. The company's approach to managing risks is shown below.

Liquidity risk

In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of overdrafts at floating rates of interest. The company manages the liquidity risk by ensuring there are sufficient funds to meet the payments as they fall due.

Credit risk

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Research and development

The company continues to carry out development work on its existing products in order enhance them.

Future developments

The directors are confident that the company will maintain turnover and profitability in the future period.

The company has been marginally affected by Covid-19 in respect of administrative delays with governments issuing of trailer registration numbers. This is considered to be a short term problem which has slightly delayed delivery of some trailers.

Auditor

A resolution to reappoint GBAC Limited as auditor of the company will be proposed at the forthcoming annual general meeting.

ROAD TANKERS (NORTHERN) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Statement of disclosure to auditor

To the knowledge and belief of the directors, there is no relevant information that the company's auditor is not aware of, and the directors have taken all steps necessary to ensure that they are aware of any relevant information, and to establish that the company's auditor is aware of the information.

On behalf of the board

Mr S J Lawtey
Director

26 May 2021

ROAD TANKERS (NORTHERN) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2020

The directors are responsible for preparing the annual report 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.

ROAD TANKERS (NORTHERN) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ROAD TANKERS (NORTHERN) LIMITED

Opinion

We have audited the financial statements of Road Tankers (Northern) Limited (the 'company') for the year ended 31 August 2020 which comprise the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the 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 FRS 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 August 2020 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 other information comprises the information included in the annual report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. 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 our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

ROAD TANKERS (NORTHERN) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ROAD TANKERS (NORTHERN) 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 and the directors' report.

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 directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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 an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditors' report.

Use of our report

This report is made solely to the company's members, 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 an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

ROAD TANKERS (NORTHERN) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ROAD TANKERS (NORTHERN) LIMITED

Victoria Jane Harrison (Senior Statutory Auditor)
for and on behalf of GBAC Limited

26 May 2021

Statutory Auditor

Old Linen Court
83-85 Shambles Street
Barnsley
South Yorkshire
S70 2SB

ROAD TANKERS (NORTHERN) LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2020

		2020	2019
	Notes	£	£
Revenue	3	17,563,494	15,788,799
Cost of sales		(15,948,275)	(14,160,417)
		<hr/>	<hr/>
Gross profit		1,615,219	1,628,382
Administrative expenses		(1,499,166)	(1,536,119)
Other operating income		-	120,829
		<hr/>	<hr/>
Operating profit	4	116,053	213,092
Finance costs	6	(25,779)	(37,811)
		<hr/>	<hr/>
Profit before taxation		90,274	175,281
Tax on profit	7	(22,028)	152,404
		<hr/>	<hr/>
Profit for the financial year		<u>68,246</u>	<u>327,685</u>

The income statement has been prepared on the basis that all operations are continuing operations.

ROAD TANKERS (NORTHERN) LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 AUGUST 2020

	2020 £	2019 £
Profit for the year	68,246	327,685
Other comprehensive income	-	-
Total comprehensive income for the year	<u>68,246</u>	<u>327,685</u>

ROAD TANKERS (NORTHERN) LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 AUGUST 2020

	Notes	2020		2019	
		£	£	£	£
Non-current assets					
Intangible assets	8		46,721		49,337
Property, plant and equipment	9		1,941,150		1,990,586
			<u>1,987,871</u>		<u>2,039,923</u>
Current assets					
Inventories	10	5,312,996		5,717,938	
Trade and other receivables	11	3,699,773		2,413,117	
Cash and cash equivalents		137,519		73	
		<u>9,150,288</u>		<u>8,131,128</u>	
Current liabilities	12	<u>(8,739,279)</u>		<u>(7,892,313)</u>	
Net current assets			411,009		238,815
Total assets less current liabilities			<u>2,398,880</u>		<u>2,278,738</u>
Non-current liabilities	13		(69,113)		(10,000)
Provisions for liabilities					
Deferred tax liability	15	<u>66,816</u>		<u>74,033</u>	
			<u>(66,816)</u>		<u>(74,033)</u>
Net assets			<u>2,262,951</u>		<u>2,194,705</u>
Equity					
Called up share capital	17		2		2
Retained earnings			<u>2,262,949</u>		<u>2,194,703</u>
Total equity			<u>2,262,951</u>		<u>2,194,705</u>

The financial statements were approved by the board of directors and authorised for issue on 26 May 2021 and are signed on its behalf by:

Mr S J Lawtey
Director

Company Registration No. 02589669

ROAD TANKERS (NORTHERN) LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 AUGUST 2020

	Share capital £	Retained earnings £	Total £
Balance at 1 September 2018	2	1,867,018	1,867,020
Year ended 31 August 2019:			
Profit and total comprehensive income for the year	-	327,685	327,685
	<hr/>	<hr/>	<hr/>
Balance at 31 August 2019	2	2,194,703	2,194,705
Year ended 31 August 2020:			
Profit and total comprehensive income for the year	-	68,246	68,246
	<hr/>	<hr/>	<hr/>
Balance at 31 August 2020	<u>2</u>	<u>2,262,949</u>	<u>2,262,951</u>

ROAD TANKERS (NORTHERN) LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash generated from operations	22	1,658,086		212,279	
Interest paid		(25,779)		(37,811)	
Income taxes refunded/(paid)		143,371		(27,266)	
Net cash inflow from operating activities		1,775,678		147,202	
Investing activities					
Purchase of property, plant and equipment		(153,028)		(146,971)	
Proceeds on disposal of property, plant and equipment		66,680		99,972	
Net cash used in investing activities			(86,348)		(46,999)
Financing activities					
Repayment of bank loans		(16,000)		(24,000)	
Payment of finance leases obligations		-		(9,789)	
Net cash used in financing activities			(16,000)		(33,789)
Net increase in cash and cash equivalents		1,673,330		66,414	
Cash and cash equivalents at beginning of year		(1,754,177)		(1,820,591)	
Cash and cash equivalents at end of year		(80,847)		(1,754,177)	
Relating to:					
Cash at bank and in hand		137,519		73	
Bank overdrafts included in creditors payable within one year		(218,366)		(1,754,250)	

ROAD TANKERS (NORTHERN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

Company information

Road Tankers (Northern) Limited is a private company limited by shares incorporated in England and Wales. The registered office is Templeborough Depot, Sheffield Road, Sheffield, South Yorkshire, S9 1RT.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Revenue

Revenue is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.5 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

ROAD TANKERS (NORTHERN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Development Costs 5% on straight line basis

1.6 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	2% on straight line basis
Leasehold land and buildings	2% on straight line basis
Plant and machinery	15% on reducing balance
Fixtures, fittings & equipment	15% on reducing balance
Motor vehicles/ Hire vehicles	20% - 25% on reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.7 Impairment of non-current assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

ROAD TANKERS (NORTHERN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

1.8 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Inventories held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of inventories over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

ROAD TANKERS (NORTHERN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where 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 have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

ROAD TANKERS (NORTHERN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

The company operated a defined contribution pension scheme, contributions to which are charged to the profit and loss account for the year in which they are payable to the scheme.

ROAD TANKERS (NORTHERN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

1.15 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Revenue

An analysis of the company's revenue is as follows:

	2020	2019
	£	£
Revenue analysed by class of business		
Sale of road tankers and vehicle hire	17,563,494	15,788,799
	<u>17,563,494</u>	<u>15,788,799</u>
	2020	2019
	£	£
Other significant revenue		
Grants received	-	120,829
	<u>-</u>	<u>120,829</u>
	2020	2019
	£	£
Revenue analysed by geographical market		
United Kingdom	17,052,306	15,265,105
Other EEC countries	511,188	319,394
Non EEC countries	-	204,300
	<u>17,563,494</u>	<u>15,788,799</u>
	<u>17,563,494</u>	<u>15,788,799</u>

ROAD TANKERS (NORTHERN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

4 Operating profit

	2020	2019
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	(17,212)	1,395
Government grants	-	(120,829)
Fees payable to the company's auditor for the audit of the company's financial statements	6,000	6,000
Depreciation of owned property, plant and equipment	169,764	180,252
Profit on disposal of property, plant and equipment	(33,980)	(25,125)
Amortisation of intangible assets	2,616	2,616
	<u> </u>	<u> </u>

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2020	2019
	Number	Number
Production	119	104
Sales	4	4
Administration	18	18
Distribution	-	6
	<u> </u>	<u> </u>
Total	141	132
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2020	2019
	£	£
Wages and salaries	4,169,392	3,696,495
Social security costs	399,710	344,136
Pension costs	91,261	64,295
	<u> </u>	<u> </u>
	4,660,363	4,104,926
	<u> </u>	<u> </u>

ROAD TANKERS (NORTHERN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

6 Finance costs

	2020 £	2019 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	26,203	37,249
Other finance costs:		
Interest on finance leases and hire purchase contracts	-	562
Other interest	(424)	-
	<u>25,779</u>	<u>37,811</u>

7 Taxation

	2020 £	2019 £
Current tax		
UK corporation tax on profits for the current period	29,245	27,743
Adjustments in respect of prior periods	-	(172,400)
Total current tax	<u>29,245</u>	<u>(144,657)</u>
Deferred tax		
Origination and reversal of timing differences	(7,217)	(7,747)
Total tax charge/(credit)	<u>22,028</u>	<u>(152,404)</u>

The actual charge/(credit) for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2020 £	2019 £
Profit before taxation	<u>90,274</u>	<u>175,281</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	17,152	33,303
Tax effect of expenses that are not deductible in determining taxable profit	765	713
Permanent capital allowances in excess of depreciation	11,328	(6,273)
Research and development tax credit	-	(172,400)
Other non-reversing timing differences	(7,217)	(7,747)
Taxation charge/(credit) for the year	<u>22,028</u>	<u>(152,404)</u>

ROAD TANKERS (NORTHERN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

8 Intangible fixed assets

	Development Costs £
Cost	
At 1 September 2019 and 31 August 2020	85,961
Amortisation and impairment	
At 1 September 2019	36,624
Amortisation charged for the year	2,616
At 31 August 2020	39,240
Carrying amount	
At 31 August 2020	46,721
At 31 August 2019	49,337

9 Property, plant and equipment

	Freehold land and buildings £	Leasehold land and buildings £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles/ Hire vehicles £	Total £
Cost						
At 1 September 2019	765,110	628,750	1,955,204	151,446	554,320	4,054,830
Additions	-	26,634	96,887	-	29,507	153,028
Disposals	-	-	-	-	(148,877)	(148,877)
At 31 August 2020	765,110	655,384	2,052,091	151,446	434,950	4,058,981
Depreciation and impairment						
At 1 September 2019	121,810	92,543	1,357,610	123,318	368,963	2,064,244
Depreciation charged in the year	10,792	10,840	89,640	4,200	54,292	169,764
Eliminated in respect of disposals	-	-	-	-	(116,177)	(116,177)
At 31 August 2020	132,602	103,383	1,447,250	127,518	307,078	2,117,831
Carrying amount						
At 31 August 2020	632,508	552,001	604,841	23,928	127,872	1,941,150
At 31 August 2019	643,300	536,207	597,594	28,128	185,357	1,990,586

ROAD TANKERS (NORTHERN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

10 Inventories

	2020	2019
	£	£
Raw materials and consumables	2,216,432	2,147,619
Work in progress	3,096,564	3,570,319
	<u>5,312,996</u>	<u>5,717,938</u>

11 Trade and other receivables

	2020	2019
	£	£
Amounts falling due within one year:		
Trade receivables	3,378,861	1,862,733
Corporation tax recoverable	-	172,400
Amounts owed by group undertakings	84,987	113,084
Other receivables	124,523	158,181
Prepayments and accrued income	111,402	106,719
	<u>3,699,773</u>	<u>2,413,117</u>

12 Current liabilities

	Notes	2020	2019
		£	£
Bank loans and overdrafts	14	236,366	1,778,250
Trade payables		3,289,148	3,747,515
Amounts owed to group undertakings		3,029,013	1,491,812
Corporation tax		27,959	27,743
Other taxation and social security		1,307,959	342,370
Other payables		119,845	84,034
Accruals and deferred income		728,989	420,589
		<u>8,739,279</u>	<u>7,892,313</u>

The HSBC Bank plc overdraft is secured by a debenture giving a fixed and floating charge over the assets of the company.

13 Non-current liabilities

	Notes	2020	2019
		£	£
Bank loans and overdrafts	14	-	10,000
Taxation and social security		69,113	-
		<u>69,113</u>	<u>10,000</u>

ROAD TANKERS (NORTHERN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

13 Non-current liabilities

(Continued)

The bank loan is secured by a fixed and floating charge over the assets of the group and company.

14 Borrowings

	2020	2019
	£	£
Bank loans	18,000	34,000
Bank overdrafts	218,366	1,754,250
	<u>236,366</u>	<u>1,788,250</u>
Payable within one year	236,366	1,778,250
Payable after one year	-	10,000
	<u>236,366</u>	<u>1,788,250</u>

The bank loan is secured by a fixed and floating charge over the assets of the group and company.

Included in bank loans and overdrafts is a £18,000 loan which currently has capital repayments of £2,000 per month. Interest is charged at a rate of 2.5% margin over bank offered rate and associated cost rate. The loan is due to be fully repaid in January 2021.

15 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2020	Liabilities 2019
	£	£
Balances:		
Accelerated capital allowances	<u>66,816</u>	<u>74,033</u>
Movements in the year:		2020
		£
Liability at 1 September 2019		74,033
Credit to profit or loss		<u>(7,217)</u>
Liability at 31 August 2020		<u>66,816</u>

The deferred tax liability set out above is expected to reverse and relates to accelerated capital allowances that are expected to mature within the same period.

ROAD TANKERS (NORTHERN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

16 Retirement benefit schemes

	2020	2019
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	91,261	64,295
	<u> </u>	<u> </u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

17 Share capital

	2020	2019	2020	2019
Ordinary share capital Issued and fully paid	Number	Number	£	£
Ordinary shares of £1 each	2	2	2	2
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

18 Financial commitments, guarantees and contingent liabilities

The company has given an unlimited guarantee to its bankers in respect of the bank borrowings of other group companies, which at the balance sheet date amounted to £2,652,236.

ROAD TANKERS (NORTHERN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

19 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Sale of goods		Purchase of goods	
	2020	2019	2020	2019
	£	£	£	£
Other related parties	389,250	177,594	752,780	360,033
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The following amounts were outstanding at the reporting end date:

Amounts owed to related parties	2020	2019
	£	£
Other related parties	119,845	84,031
	<u> </u>	<u> </u>

The following amounts were outstanding at the reporting end date:

Amounts owed by related parties	2020
	Balance £
Other related parties	121,794
	<u> </u>

Amounts owed in previous period	2019
	Balance £
Other related parties	151,591
	<u> </u>

20 Directors' transactions

Transactions have been made between the company and NWT Sales and Service, of which the shareholders are partners.

During the period rent and service charges totalling £158,820 and £Nil was paid to NWT Sales and Service.

All transactions with the directors and this business during the year were carried out at open market values.

21 Ultimate controlling party

The director considers Newell & Wright (Holdings) Limited to be the ultimate holding company. There is no individual ultimate controlling party of that company. The registered office of the parent is Templeborough Depot, Sheffield Road, Sheffield, South Yorkshire, S9 1RT.

The accounts of the company are consolidated into the group Newell and Wright (Holdings) Limited

ROAD TANKERS (NORTHERN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

22 Cash generated from operations

	2020 £	2019 £
Profit for the year after tax	68,246	327,685
Adjustments for:		
Taxation charged/(credited)	22,028	(152,404)
Finance costs	25,779	37,811
Gain on disposal of property, plant and equipment	(33,980)	(25,125)
Amortisation and impairment of intangible assets	2,616	2,616
Depreciation and impairment of property, plant and equipment	169,764	180,252
Movements in working capital:		
Decrease/(increase) in inventories	404,942	(793,481)
Increase in trade and other receivables	(1,459,056)	(394,967)
Increase in trade and other payables	2,457,747	1,150,721
Decrease in deferred income	-	(120,829)
Cash generated from operations	<u>1,658,086</u>	<u>212,279</u>

23 Analysis of changes in net debt

	1 September 2019 £	Cash flows £	31 August 2020 £
Cash at bank and in hand	73	137,446	137,519
Bank overdrafts	(1,754,250)	1,535,884	(218,366)
	<u>(1,754,177)</u>	<u>1,673,330</u>	<u>(80,847)</u>
Borrowings excluding overdrafts	(34,000)	16,000	(18,000)
	<u>(1,788,177)</u>	<u>1,689,330</u>	<u>(98,847)</u>

