GAP Holdings Limited

Annual report and consolidated financial statements

Registered number SC143099

31 March 2021

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Chairman's Statement

I am pleased and proud of our results and the dedication and commitment shown by our employees during the past twelve unprecedented months. Our business responded and adapted well and was able to support our customers and colleagues operating within various essential service sectors in what were extremely challenging conditions. The benefits of a robust operating model and our rapid decision-making capability facilitated by our independent family ownership have never proved more important.

Our response to COVID-19 was immediate and decisive with the safety and wellbeing of our employees, customers, suppliers and other key stakeholders being paramount at all times. Our well-developed IT and telecoms systems enabled us to adapt, where required, to flexible home working without any disruption and we implemented strict daily financial KPI monitoring with a determined focus on cash management. In response to a significant fall in revenue during the early part of the pandemic we utilised the Government Job Retention Scheme enabling us to temporarily furlough a proportion of staff to the level required to support the reduced operating levels although we kept all of our 146 depots open to support customers. We managed our working capital well and limited capital expenditure during the first half of the year to spend required to support customers or that required for critical replacement. These measures allowed us to restore staff levels back to normal and to significantly increase our capital investment levels in the second half of the year as our customers returned to work. At the year-end our revenue and asset utilisation numbers had recovered to a level where they were above the corresponding period in 2019.

Our turnover reduced by 6.1% to £196.9m and our pre-tax profit increased to £23.6m. Investment in our hire fleet totalled £32.8m and we significantly reduced our debt thereby lifting the headroom on our ABL facility, which is in place until 2025, to £149.2m. During the second half of the year we placed substantial orders for our 2021 capital expenditure requirements which has served us well and helped to minimise disruption caused by post COVID shortages of supplies and extended supplier lead times being experienced within some areas of the market.

Supporting our employees has been our focus during the past year and the mental wellbeing of our workforce is just as much a priority for us as their physical safety and wellbeing. We are therefore delighted to have launched the industry's first mental health and wellbeing platform which provides advice to employees and their families across a range of issues and allows employees to search by topic within their postcode so they can be directed to the nearest support.

We were enormously saddened by the death in November 2020 of Danny O'Neil who retired from GAP in April 2020 having served as Chairman since 2006. He will be sorely missed by all his friends and former colleagues within GAP.

We look ahead to our post COVID world with optimism. Activity levels and order pipelines within our core sectors remain robust and our strong balance sheet and low gearing levels position us well to respond to the requirements of our customers and to develop new divisions offering additional products. A further benefit of our independent family ownership is our ability to take a long-term planning horizon and this has enabled us to acquire and own more than 50% of the properties we operate from. Our GBV of land and buildings is £72m and we are actively looking to develop our estate further during the coming year.

Douglas Anderson
Joint Managing Director & Chairman

Strategic Report

The directors submit their report and financial statements for the year ended 31 March 2021.

Principal activities and business review

The principal activity of the Group is the hire of small tools and unmanned plant, mainly to the Utilities, Building and Construction Industries.

Performance

The Group's performance is outlined in the Chairman's statement.

Customers

The Group continues to focus on the quality of its overall service to customers with account managers appointed to deliver to our major accounts. The Commercial Team based at GAP's Head Office provides tender support for both new business and our Major Accounts.

Health, Safety, Environment & Security

GAP's strategy, through deep engagement with its underpinning vision, mission and values programme, has delivered another market leading performance in health, safety and wellbeing and environment; this has been and will continue to be a solid and unambiguous commitment.

The safety and wellbeing of GAP staff and customers has been and continues to be our overriding priority throughout the pandemic. GAP has closely monitored the Covid-19 situation throughout the pandemic and has followed Government safety, security and wellbeing guidelines. During this pandemic outbreak, continuous assessment has been undertaken to ensure the safety of our employees, customers and the public while we maintain our UK wide network to support essential services and sectors.

GAP's health, safety, wellbeing and environmental values provide employees with a great place to work; respect for the environment; responsible sourcing of plant; commitment to living healthier lives; a positive difference to our community, our industry and our customers.

Through strong leadership and governance, GAP continues to deep root its 'Think Safe' behavioural safety programme within all current and new business Divisions. During the year, GAP developed 10 key 'Think Safe' rules which will be developed into a booklet underpinning our focus on ensuring the safety of our employees, customers, and suppliers. We have consolidated transport management under the safety, security and environment compliance 'umbrella' and by doing so have better aligned its transport systems to its integrated risk management and sustainable strategic decision-making framework. GAP's protective and performance governance systems and arrangements keep our employees and equipment safe and ensure our operations run smoothly.

'NetZero' - GAP's values and principles relating to sustainable growth, employment, ethics and class leading technology solutions and innovation provide 'common ground' and a sound basis for customers to achieve their low carbon/ decarbonisation solutions and objectives. In 2010, GAP made the positive and progressive decision to reduce its environmental footprint and incorporate environmental measures into its business strategies. This has continued apace with the development and introduction of industry leading 'green' products such as the zero carbon emission welfare units and carbon emission measuring telematics and reporting. The adoption of 'green' products is growing rapidly with the introduction of electric and battery powered plant and tools equipment and electric vehicles. This foresight and unwavering commitment have helped make GAP one of the most progressive hire companies within the UK. GAP is advancing sustainability across all its Divisions and value chains. GAP will continue developing its advanced sustainability framework consisting of strategic and intrinsically linked focus areas including sustainable operations; people and wellbeing; and, eco-friendly innovations.

GAP has a robust approach to risk and has established a risk management framework to manage and report the risks that it faces as a business Group. Any risk that can seriously affect performance, future prospects, or reputation of the Group is termed a 'principal risk'.

Strategic Report *(continued)*

To manage GAP's risks effectively we have identified a risk tolerance which is driven by the following:

- ensuring competitive performance that is responsible and focused on creating value for all our customers, staff and those affected by our operations
- ensuring behaviours continue in accordance with GAP's Vision, Mission and Values
- ensuring operations are fiscally responsible and function within an established capital allocation framework
- ensuring principal risks are effectively managed

During the year we have continued work to formalise GAP's approach to effectively manage risk. We have conducted a formal exercise to identify and assess principal risks and whilst doing so we have considered our risk management practices across a number of themes e.g. operations, finance, welfare, security, technology, safety and wellbeing, transport, climate and sustainability. The reporting, monitoring and overview of risks will continue to be embedded within GAP.

GAP's governance arrangements continue to provide for focus on business resilience and a 'leadership' culture with people continually being encouraged and inspired to innovate and give their best within a safe and caring environment. GAP's corporate governance is about implementing the right systems and controls across the Group to facilitate effective management and sound decision-making. Controls continue to cover end-to-end operations, from product safety and integrity through the auditing and vetting of contractors, to the health and safety processes in place across all Divisions across the entire UK.

The Risk & Compliance Committee continues to play a central role in providing the Board with assurance on the achievement of compliance, not only with statutory requirements, the protection of its customers, employees and business assets, but also on the wider issues of sustainability and environmental impacts.

GAP is proud of its continued success, underpinned by its solid and unambiguous commitment to health, safety and wellbeing. GAP's strong, successful safety achievements generated value for our customers and wider society. GAP's early and ongoing certification to ISO 45001 (Occupational Health and Safety) and repeated attainment of the distinguished RoSPA Gold Award for "well developed occupational health and safety management systems and culture...and...outstanding control of risk" acknowledges our integrated approach to safety within operations and business strategy. GAP believes that health, safety and both physical and mental wellbeing are intrinsic values for everybody.

Through effective and proactive risk management GAP continued to record continuous improvement in safety, with Accident Frequency and RIDDOR rates unrivalled throughout the industry, positively reflecting the behaviours and attitudes of all our employees. GAP remains committed to continually enhancing the capabilities of its highly skilled and professionally qualified Safety, Health and Environment (SHE), Compliance, Transport and Security teams through professional training and development programmes.

GAP continued to develop its progressive, risk-based approach to depot and asset security. With the increase in organised criminal activity affecting the hire sector, GAP continued to help foster a stronger alliance of insurers and law enforcement to tackle the growth, particularly in fraud. Through a combination of experience and market leading state of the art theft prevention and recovery solutions, GAP's tracking solutions enjoy a crime prevention and recovery rate unrivalled throughout the hire industry, benefitting both GAP and its customers.

The integrated approach to GAP's trio of internationally recognised certifications across all business Divisions: ISO 9001 (Quality Management); ISO 14001 (Environmental Management) and, ISO 45001 (Occupational Health & Safety Management) helps support the continual development and promotion of our safety, risk and compliance values.

Strategic Report *(continued)*

Streamlined Energy & Carbon Reporting Regulations (SECR) 2018

Methodology: The reportable energy consumption and emissions information for the reporting period has been produced with reference to the Greenhouse Gas Protocol (March 2004) and HM Government's Environmental Reporting Guidelines (March 2019). The reporting boundary has been defined using the operational control approach:

- Scope 1 emissions account for total natural gas consumption of GAP, as well as fuel used in any company owned vehicles. Emissions from Adblue the Diesel exhaust fluid is also included as part of Scope 1.
- Scope 2 emissions are for the total electricity purchased by GAP across their portfolio.
- Only scope 3 emissions from fuel used in leased or personal vehicles where GAP have been responsible for purchasing the fuel are mandatory. No emissions are attributed to this for the reporting period. Other non-mandatory scope 3 emissions have not been included in this report.

It should be noted that the Scope 1 and Scope 2 emissions (where stated in tCO_2e) are absolute values.
Emissions from purchased electricity, natural gas and fuel have been calculated using the BEIS (DEFRA), Government Emission Conversion Factors for Company Reporting. This approach is in line with what is recommended in the SECR guidelines. 100% of energy consumption and emissions are related consumption in the UK.

Energy Efficiency Action: In the 2020-21-year, GAP has sought to reduce energy consumption by implementing energy savings measures including some recommendations that were identified as part of the GAP 2019 Energy Savings Opportunity Scheme (ESOS) audit. Telematics are fitted to all vehicles; this identifies any issues and encourages continual improvement in performance with respect to energy efficient driving techniques. A large portion of GAP's energy consumption is attributed to vehicle fuel use; therefore, energy efficiency is a consideration when purchasing vehicles. GAP has started to introduce hybrid vehicles into the fleet. GAP is FORS Silver Certified and all commercial vehicle drivers must complete eco driving e-learning courses as well as classroom sessions. The Fleet Operator Recognition Scheme ('FORS') is an accreditation scheme that aims to improve vehicle fleet activity throughout the UK. There are also projects to improve energy efficiency throughout the Head Office and depot network including measures such as replacing current lighting with LED lighting.

Energy consumption:
Table 1 – Energy consumption for reporting period 1st April 2020 – 31st March 2021

Reporting Period 1st April 2020 – 31st March 2021		
Total	2019-20 kWh	2020-21 kWh
Total Scope 1 & 2 energy use (kWh)	**60,015,994**	**53,508,920**

Strategic Report *(continued)*

Green House Gas Emissions

Table 2 – GHG emissions for the reporting period 1st April 2020 – 31st March 2021

Reporting Period 1st April 2020 – 31st March 2021		
Scope 1	2019-20 (tCO_{2e})	2020-21 (tCO_{2e})
Gas	460	477
Fuel for Transport *	14,474	12,760
Total Scope 1	**14,933**	**13,237**
Scope 2	2019-20 (tCO_{2e})	2020-21 (tCO_{2e})
Purchased electricity (grid average)	1,012	979
Total Scope 2	1,012	979
Total	2019-20 (tCO_{2e})	2020-21 (tCO_{2e})
Total Scope 1 & 2 emissions (tCO_2)	**15,945**	**14,216**
Intensity Ratio (tCO_2 / Employee)	**8.83**	**8.38**

*Purchased diesel, petrol and AdBlue

Human Resources

Due to COVID-19, the health and wellbeing of our employees was our key focus. In addition, as in previous years, our focus also continued to be the recruitment, retention and development of talent within the Group.

We continue to make effective use of existing strategies to attract top talent into the business including targeted recruitment campaigns on relevant social media platforms. Whilst technology plays a key role in finding talent, people are at the heart of our business and utilising our own internal network to engage with future potential candidates remains a highly effective means of building our talent pipeline.

GAP is aware of the skills shortage and youth unemployment that the UK faces. As a member of the 5% Club, an industry-led programme aimed at tackling youth unemployment, we aim to play a role in transforming the futures of young, talented people throughout the country.

Our apprenticeship programme continues to be successful; during the year, we grew the number of apprentices within the business by 25% and in March 2021 we launched our recruitment campaign for 2021/22 creating 25 new apprenticeship roles nationwide.

We are also proud to have been invited by LEEA (Lifting Equipment Engineers Association) to play an active role in the 'trailblazer' group to develop a suitable apprenticeship scheme for the Lifting industry which culminated in the

Strategic Report *(continued)*

Institute of Apprenticeships approving the Lifting Equipment Technical Apprenticeship (NVQ Level 3) which became available in March 2020.

Staff retention is crucial to our ability to deliver exceptional customer service and to enable us to continue growing the business. Staff retention across the Group has improved by 7% in the last 12 months due to our on-going employee engagement strategies, including pulse surveys, Senior Management team buddy programme, monthly GAP Gazette and our employee recognition scheme.

Our core values of Communication, One Team, Dedication and Efficiency remain at the heart of the business and we continue to reward and recognise our employees' commitment to our shared values. Due to COVID-19, there was no annual awards ceremony, but the exceptional performance of employees was still identified and recognised, and an appropriate event will take place when allowed.

The Company reacted quickly and decisively to the COVID-19 pandemic implementing measures to ensure the safety of its 1,800 strong workforce. This included homeworking for Head Office employees followed by rotational office based working during the year as restrictions allowed. Stringent safety procedures were introduced across all Group operations to allow us to continue to operate effectively but safely and these continue to be in place. These safety procedures were vital across our depot network as GAP was classed as an essential service and our employees as key workers due to being a supplier of equipment and services to the infrastructure, utilities, oil, gas, sewerage and highway sectors across the UK. Our employees have performed exceptionally well during the most challenging of circumstances.

We are grateful for the Government's financial support with the Job Retention Scheme which enabled us to protect the jobs of many of our employees by placing them into furlough during the initial lockdown phase when so many parts of the construction sector were closed.

Communicating with employees has never been more crucial and HR have worked tirelessly to ensure that employees are kept informed and receive on-going support and advice during all stages of the pandemic.

We have adapted to this changed landscape over the past 12 months taking advantage of technology to remain in contact with employees and monitor their wellbeing. GAP is one of the first UK companies to roll out a Wellbeing Hub which is an online resource designed to promote hope and support through the power of shared experiences. The Hub's Champions Cinema contains thousands of short 60 second stories showcasing people talking about their own experiences, backgrounds, and relationships to demonstrate that support is available. Themes included with the Wellbeing Hub include illness, financial wellness, equality, diversity and inclusion, mental health and general care and support. The Hub will identify support nearest to our employees and their families so they can access this as required.

Giving employees' a voice continues to be key to staff retention, morale, and productivity. This year has been challenging due to COVID-19 with the emphasis being on the Senior Management Team ensuring they are in regular contact right across each area of the business they are responsible for ensuring that employees' views and needs are supported quickly.

Strategic Report *(continued)*

Systems

We are continuing to significantly invest in our Information Technology Infrastructure and Systems. Our Digital Transformation programme is progressing to plan in line with our commitment to improving internal and external operational efficiencies. The main impact of COVID-19 on IT was Head Office employees having to start working from home at short notice. Equipment and systems were acquired and adapted as required within the space of a few days and there has been no operational impact on the business from this change in working practices.

Our fully integrated Enterprise Resource Planning system is at the core of our technology improvement projects. This ensures that that we continue to provide leading edge technology to both internal and external customers. Our Digital Transformation programme continues to deliver enhanced secure digital platforms improving operational efficiencies across all aspects of our business.

S172 Statement

The Board of Directors of the company, and each Director, have acted in a way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to the company's various stakeholders and other matters set out in s.172 (1) (a-f) of the Act).

The following paragraphs summarise how each Director fulfils their duties with respect to s.172, with reference to other sections of this Strategic Report.

Employee Engagement

Employees are informed of information on matters of concern to them through various forms of communication by the board and senior management. The form of communication will be dependent on the scale and importance of the information being disseminated and examples of this include company-wide communication by email, conference calls and attaching notices to boards in communal areas at our depots. Employees are regularly informed on several different topics including –

- Business updates including summary of year-end financial results
- Strategic updates including announcements regarding senior staff appointments and any changes in the structure of the business
- Regular communication over the past 12 months on the impact of Covid-19, the decisions taken by the Board and updates on the financial performance during this time

In addition, a monthly GAP Gazette is emailed and shared on our employee portal. The Gazette includes a note from a Director with a business update as well as news from around the business including new projects and customers we're working with, helpful advice and contact details around areas such as mental health and personal stories of staff.

Employees are consulted on a regular basis through pulse surveys, team and one-to-one meetings and a buddy scheme.

- Formal one to one meetings are held with all employees on an annual basis. A job chat form is completed noting additional training needs and objectives for the coming 12-month period as well as reviewing the previous 12 months performance. The form is then used for subsequent one-one meetings to ensure both line manager and employee are meeting these objectives.
- Pulse surveys are carried out on a regular basis across the business. These are used to gather more information in for example a region or division in the business. The information gathered is used to ensure the appropriate decisions are made for the benefit of the employees and the business.
- Head Office departmental meetings are held on a quarterly basis to inform staff of business updates both within Head Office and across the wider business. The purpose is to ensure consistent communication across all departments. Over the past 12 months, due to homeworking, these have been done over Microsoft Teams.

Strategic Report *(continued)*

- All members of the Senior Management team are partnered with various depots across the UK and have the responsibility of engaging with the staff and feeding back any questions or concerns with the aim of improving relationships and communication.
- The introduction of the GAP Wellbeing Hub will ensure that GAP employees and their have access to all the support they need both in their professional and personal lives.

All directors directly engage with employees and operate an open-door policy. This provides employees with an opportunity to ask questions or raise any concerns as they see fit and ensures employee engagement remains at the forefront of the business.

A stakeholder impact assessment is conducted during the decision-making process for principal decisions and employee's views are considered in decisions likely to affect their interests. All decisions are recorded in the minutes. GAP provides a number of employee-related initiatives throughout the course of the year. These include –

- Long service recognition awards
- Monthly and Annual GAP Code Excellence awards where employees' exceptional performance in line with the core values of the business is recognised
- GAP donates a percentage of its profits on an annual basis to charity. The charities selected during the year are nominated by employees. Employees taking part in fundraising events are also able to secure matched giving for their charity of choice.

Business planning and risk management: long term decision making

The Board considers any likely consequence of any decisions in the long term with consideration of the impact on the company's regulatory compliance framework and its investment risk framework. The Board's strategies with respect to long term funding and Corporate Governance are set out later in this Strategic Report. In the course of determining the most appropriate strategic course, the Board considers the needs of all relevant stakeholder and in particular ensures that all shareholders are treated equitably.

Business relationships

The ways in which the Group interacts with its customers and suppliers and fosters long term business relationships are set out within the Customers section and the Health, Safety, Environment & Security section of this Strategic Report.

Community and environment

The Group's impact on the communities it serves, and the environment are described in the Health, Safety, Environment & Security and Streamlined Energy & Carbon Reporting sections of this Strategic Report.

Funding

The Group is funded through a six-year Asset Backed Lending ('ABL') facility. Adequacy of facilities and compliance with relevant covenant tests are monitored on an ongoing basis.

The Group's funding structure has been carefully formulated to maintain a strong balance sheet while supporting the significant level of investment in capital expenditure required by the business. With regard to the performance to date in the year to March 2022 the directors have reviewed the Group's forecasts and are satisfied that the Group should be able to operate within the level of its current facilities. As a consequence, the directors believe the Group is well placed to manage its financial position.

Corporate Governance

GAP defines corporate governance to include its management structure and supporting functions and systems which are implemented through an established framework of policies, procedures and processes that ensure effective business outcomes. Strategies to review and improve organisational effectiveness are also in place to ensure effective resource allocation and quality business and customer support services. Key challenges include attracting skilled staff,

Strategic Report *(continued)*

effectively equipping depot staff to deliver to GAP standards and regulatory compliance; and ensuring continuous improvement at a time of significant change within the utilities and construction sectors.

Financial Information

The Group's five-year performance is summarised below:

	2021	2020	2019	2018	2017
No of Locations	146	146	137	137	134
Turnover	£196.9m	£209.8m	£203.0m	£186.6m	£175.0m
No of Employees at 31 March	1,696	1,805	1,724	1,676	1,622
EBITDA	£86.1m	£81.7m*	£80.4m	£73.1m	£69.8m
Pre-tax profit	£23.6m	£18.7m	£18.7m	£16.7m	£17.1m
Shareholder's Funds	£133.1m	£117.3m	£109.2m	£98.3m	£88.9m

*EBIDTA 2020 – excludes the revaluation gain on investment property

Non-financial information

The main non-financial measures reviewed by the directors relate to the monitoring of plant utilisation and health and safety within the business.

Results and dividends

The operations of the Group for the year resulted in a profit after tax of £18,705,000 *(2020: profit of £12,713,000)*, which is reviewed in the Chairman's Statement.

Distributions of £2,800,000 were paid in the year *(2020: £4,678,000)*. No final dividend has been proposed.

On behalf of the board

C A G Parr
Secretary

18 June 2021

Directors' Report

The directors present their annual report, together with the audited consolidated financial statements for the year ended 31 March 2021.

Directors

The directors of the company during the year and to the date of this report were:

D G Anderson
I M Anderson
D O'Neil – resigned 19 April 2020
C A G Parr
M D Anderson
K McEwan – resigned 1 April 2021

Employee involvement

The Group has a policy of communicating and consulting with employees on matters of concern to them and providing them with information on the performance of the Group.

Employment of disabled persons

It is the policy of the group that disabled persons will receive full and fair consideration when applying for a job and in selection for training, career development and promotion.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

C A G Parr
Secretary

Carrick House
40 Carrick Street
Glasgow
G2 8DA

18 June 2021

Statement of directors' responsibilities in respect of the Annual Report, Strategic Report, the Directors' Report and the financial statements

The directors are responsible for preparing the Annual Report/Strategic Report, the Directors' 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 they have elected to prepare the group and parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

KPMG

Independent Auditor's Report to the Members of GAP Holdings Limited

Opinion

We have audited the financial statements of GAP Holdings Limited ("the company") for the year ended 31 March 2021 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated and company statement of changes in equity, the consolidated cash flow statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the group's business model and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the group or the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the group or the company will continue in operation.

Independent Auditor’s Report to the Members of GAP Holdings Limited *(continued)*

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Group’s high-level policies and procedures to prevent and detect fraud and the Group’s channel for “whistleblowing”, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as depreciation and bad debt provision. On this audit we do not believe there is a fraud risk related to revenue recognition because the revenues consist of routine, non-complex transactions that are subject to systematic processing.

We did not identify any additional fraud risks.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.
- Evaluated the business purpose of significant unusual transactions.
- Assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, employment law and certain aspects of company legislation recognising the nature of the Group’s activities and its

Fraud and breaches of laws and regulations – ability to detect *(continued)*

legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 11, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report to the Members of GAP Holdings Limited *(continued)*

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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 auditor's 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.

Lyn Niccolls (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
319 St Vincent Street, Glasgow, G2 5AS

18 June 2021

Consolidated Profit and Loss Account
for the year ended 31 March 2021

	Note	2021 £000	2020 £000
Turnover	2	**196,856**	209,752
Cost of sales		**(126,809)**	(139,285)
Gross profit		**70,047**	70,467
Revaluation gain on investment property		-	1,102
Administrative expenses		**(43,867)**	(49,146)
Group operating profit	3	**26,180**	22,423
Net Interest payable and similar expenses	6	**(2,551)**	(3,760)
Profit before taxation		**23,629**	18,663
Tax on profit	7	**(4,924)**	(5,950)
Profit after taxation for the financial year		**18,705**	12,713

Other Comprehensive Income

All activities in both 2020 and 2021 are continuing.

Notes on pages 22 to 35 form part of the financial statements

Consolidated Balance Sheet
as at 31 March 2021

	Note	2021 £000	2021 £000	2020 £000	2020 £000
Fixed assets					
Tangible assets	*8*	**247,778**		264,967	
Investment properties	*9*	**5,840**		6,440	
Goodwill	*11*	**1,052**		1,493	
			254,670		272,900
Current assets					
Stocks	*12*	**5,792**		6,173	
Debtors	*13*	**52,665**		51,446	
Cash at bank and in hand		**767**		701	
		59,224		58,320	
Creditors: amounts falling due within one year	*14*	**(92,848)**		(82,475)	
Net current liabilities			**(33,624)**		(24,155)
Total assets less current liabilities			**221,046**		248,745
Creditors: amounts falling due after more than one year	*15*		**(71,478)**		(113,149)
Provisions for liabilities					
Deferred tax liability	*17*	**(16,501)**		(18,325)	
			(16,501)		(18,325)
Net assets			**133,067**		117,271
Capital and reserves					
Called up share capital	*19*		**150**		150
Profit and loss account			**132,917**		117,121
Equity shareholders' funds			**133,067**		117,271

The notes on pages 22 to 35 form part of the financial statements.

These financial statements were approved by the board of directors on 18 June 2021 and were signed on its behalf by:

Douglas Anderson

Douglas Anderson
Director

Iain M Anderson

Iain Anderson
Director

Company registered number: SC143099

Company Balance Sheet
at 31 March 2021

	Note	**2021**	**2021**	2020	2020
		£000	**£000**	£000	£000
Fixed assets					
Investment properties	*9*	**4,576**		4,576	
Investments	*10*	**6,330**		6,330	
			10,906		10,906
Current assets					
Debtors	*13*	**693**		673	
Cash at bank and in hand		**112**		-	
		805		673	
Creditors: amounts falling due within one year	*14*	**(36)**		-	
Net current assets			**769**		673
Total assets less current liabilities			**11,675**		11,579
Creditors: amounts falling due after more than one year	*15*		**(7,265)**		(6,180)
Provisions for liabilities					
Deferred tax liability	*17*	**(109)**		-	
			(109)		-
Net assets			**4,301**		5,399
Capital and reserves					
Called up share capital	*19*		**150**		150
Profit and loss account			**4,151**		5,249
Equity shareholders' funds			**4,301**		5,399

The notes on pages 22 to 35 form part of the financial statements.

These financial statements were approved by the board of directors on 18 June 2021 and were signed on its behalf by:

Douglas Anderson
Director

Iain Anderson
Director

Company registered number: SC143099

Consolidated Statement of Changes in Equity

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 April 2019	150	109,086	109,236
Total comprehensive income for the year			
Profit for the year	-	12,713	12,713
Total comprehensive income for the year	-	12,713	12,713
Transactions with owners, recorded directly in equity Dividends	-	(4,678)	(4,678)
Total contributions by and distributions to owners	-	(4,678)	(4,678)
Balance at 31 March 2020	**150**	**117,121**	**117,271**

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 April 2020	150	117,121	117,271
Total comprehensive income for the year			
Profit for the year	-	18,705	18,705
Total comprehensive income for the year	-	18,705	18,705
Transactions with owners, recorded directly in equity			
Distributions (additional payment in respect of properties)	-	(2,800)	(2,800)
Total contributions by and distributions to owners	-	(2.800)	(2,800)
Other transactions recorded directly in equity			
Deferred tax on unrealised gains	-	(109)	(109)
	-	(109)	(109)
Balance at 31 March 2021	**150**	**132,917**	**133,067**

Company Statement of Changes in Equity

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 April 2019	150	673	823
Total comprehensive income for the year			
Profit for the year	-	9,254	9,254
Total comprehensive income for the year	-	9,254	9,254
Transactions with owners, recorded directly in equity Dividends paid	-	(4,678)	(4,678)
Total contributions by and distributions to owners	-	(4,678)	(4,678)
Balance at 31 March 2020	**150**	**5,249**	**5,399**

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 April 2020	150	5,249	5,399
Total comprehensive income for the year			
Profit for the year	-	1,811	1,811
Total comprehensive income for the year	-	1,811	1,811
Transactions with owners, recorded directly in equity Distributions (additional payment in respect of properties)	-	(2,800)	(2,800)
Total contributions by and distributions to owners	-	(2,800)	(2,800)
Other transactions recorded directly in equity			
Deferred tax on unrealised gains	-	(109)	(109)
	-	(109)	(109)
Balance at 31 March 2021	**150**	**4,151**	**4,301**

Consolidated Cash Flow Statement

for year ended 31 March 2021

	Note	2021 £000	2020 £000
Cash flows from operating activities			
Group operating profit excluding revaluation gain on properties		**26,180**	21,321
Adjustments for:			
Depreciation, amortisation and impairment		**60,278**	60,550
Gain on sale of tangible fixed assets		**(9,992)**	(8,811)
		76,466	73,060
Increase in trade and other debtors		**(2,005)**	(2,049)
Decrease/(Increase) in stocks		**381**	(318)
Increase in trade and other creditors		**12,216**	9,386
		10,592	7,019
Dividends paid		**-**	(4,678)
Distributions paid (additional payment in respect of properties)		**(2,800)**	-
Interest paid		**(2,155)**	(3,972)
Interest element of finance lease rental payments		**(261)**	(272)
Tax (paid)		**(7,829)**	(1,758)
Net cash from operating activities		**74,013**	69,399
Cash flows from investing activities			
Proceeds from sale of tangible fixed assets		**33,978**	26,776
Acquisition of tangible fixed assets and investment properties (excluding purchases under finance leases)	8	**(43,264)**	(92,082)
Acquisition of tangible fixed assets from Leasing unwind	8	**(16,778)**	-
Net cash from investing activities		**(26,064)**	(65,306)
Cash flows from financing activities			
Capital elements of finance lease payments		**(4,815)**	(4,820)
Proceeds from new loan		**(44,341)**	2,330
Movement in related party balances	24	**1,273**	(1,773)
Net cash from financing activities		**(47,883)**	(4,263)
Net increase/(decrease) in cash and cash equivalents		**66**	(170)
Cash and cash equivalents at beginning of the year		**701**	871
Cash and cash equivalents at end of the year		**767**	701

Notes
(forming part of the financial statements)

1 Accounting policies

GAP Holdings Limited is a private company limited by shares and incorporated and domiciled in Scotland in the UK. The registered number is SC143099 and the registered address is Carrick House, 40 Carrick Street, Glasgow G2 8DA.

These Group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (*"FRS 102"*). The presentation currency of these financial statements is Sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The parent company is included in the consolidated financial statements and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time;
- No separate parent company Cash Flow Statement with related notes is included; and
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1, have not been included.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 25.

Basis of preparation

The financial statements have been prepared in accordance with applicable UK accounting standards and under the historical cost accounting rules.

Going concern

The Group continues to be funded through a combination of a revolving ABL credit facility, which is in place until September 2025, and hire purchase arrangements.

Management has produced forecasts that have been extended out beyond 12 months from the signing date of these financial statements to reflect various plausible scenarios if there were further lockdowns due to COVID-19 and the impact this would have on the Group. These forecasts have been reviewed by the Board of Directors. Whilst the situation could change in the coming months, following the initial lockdown between March and June 2020, we have seen the construction sector remain open throughout the lockdown periods that have subsequently followed. This has ensured that a normalised level of trading returned quickly and has remained in place.

In the event of the severe but plausible downside scenario, which resulted in a sustained decrease in hire revenue in line with what was experienced between March and June 2020, the forecasts include certain of the mitigating actions which are in the control of the Directors. The most significant of these is a reduction and delay in our capital expenditure on the replacement of the fleet. The current age of the available for hire plant and equipment means this is possible without any impact on the company's ability to service our customers. The impact of this in the last financial year saw a significant increase the headroom on the ABL credit facility, further strengthening the financial resilience of the business to face any further challenges that should arise.

Our forecast indicates that even in the severe but plausible downside scenario the Company will comply with its financial covenants and have available headroom within its existing facilities.

The forecasts demonstrate that even after considering plausible downside scenarios the Group will generate both cash and profits in the forecast period and has significant liquidity headroom within its ABL facility to meet its

Notes *(continued)*

1 Accounting policies *(continued)*

obligations as they fall due and continue to trade for a period of at least 12 months from the signing of these financial statements and hence continue to adopt the going concern basis.

Consolidation

The group consolidated financial statements include the financial statements of the Company and all its subsidiary undertakings made up to 31 March 2021. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on consolidation in respect of acquisitions is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life.

On the subsequent disposal or termination of a business acquired since 1 January 1998, the profit or loss on disposal or termination is calculated after charging the unamortised amount of any related goodwill.

In the Company's financial statements, investments in subsidiary undertakings are stated at cost less amounts written off.

Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the entity.

At the acquisition date, the group recognises goodwill at the acquisition date as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

Turnover

Turnover represents amounts invoiced, net of discounts and rebates, in relation to the hire of equipment and ancillary services, or amounts invoiced to tenants for investment property rentals (excluding value added tax).

Fixed assets and depreciation

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

Depreciation is provided to write off the cost less estimated residual value of tangible fixed assets by equal annual instalments over their estimated useful economic lives, as follows:

Short leasehold buildings and improvements - over the period of the lease or 20%, whichever is shorter

Buildings	-	4%
Computer equipment	-	33%
Computer Software	-	20%
Motor vehicles	-	17% - 25%
Plant and machinery	-	12.5% - 33%

Notes *(continued)*

1 Accounting policies *(continued)*

Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are recognised initially at cost.

Subsequent to initial recognition

i. investment properties whose fair value can be measured reliably without undue cost or effort are held at fair value. Any gains or losses arising from changes in the fair value are recognised in profit or loss in the period that they arise; and

ii. no depreciation is provided in respect of investment properties applying the fair value model.

Stocks

Stocks of spares, consumable stores and goods for resale are stated at the lower of cost and estimated realisable value.

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price plus attributable transaction costs. Trade and other creditors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. For non-depreciable assets that are measured using the revaluation model, or investment property that is measured at fair value, deferred tax is provided at the rates and allowances applicable to the sale of the asset/property, except when the investment property has a limited useful life and the objective of the company's business model is to consume substantially all of the value through use. In the latter case, the tax rate that is expected to apply to the reversal of the related difference is used. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Leases

Where the company enters into an agreement which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. Assets acquired under finance leases are capitalised and the

Notes *(continued)*

1 Accounting policies *(continued)*

outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight-line basis over the period of the lease.

Pension costs

Defined contribution plans

The Group operates a stakeholder defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Government Grants

Government grants are credited to the profit and loss account on a systematic basis over the periods in which the related costs for which the grants are intended to compensate are recognised as expenses. Amounts recognised in the profit and loss account are presented under the headings 'Cost of Sales' and 'Administrative Expenses'.

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company.

Cash

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

2 Turnover

Turnover arises principally from the hiring of plant within the United Kingdom.

	2021	2020
	£000	£000
Hire of equipment and ancillary services	**196,778**	209,314
Investment property rentals	**78**	438
	196,856	209,752

3 Expenses and auditor's remuneration

Included in operating profit are the following:

	2021	2020
	£000	£000
Depreciation of tangible fixed assets		
- Owned	**56,823**	57,139
- finance leases	**2,614**	2,769
Impairment of investment properties	**400**	200
Gain on disposal of tangible fixed assets	**(9,992)**	(8,811)
Amortisation of goodwill	**441**	442
Hire of vehicles under operating leases	**2,236**	1,840
Hire of plant and machinery	**723**	1,017
Rental of land and buildings under operating leases	**2,896**	2,389
Government Job Retention Scheme	**(5,310)**	-

Notes *(continued)*

Auditor's remuneration:

	2021 £000	2020 £000
Audit of these financial statements	**8**	5

Disclosures below based on amounts receivable in respect of other services to the company and its subsidiaries

Amounts receivable by the company's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the company	**72**	58
Taxation compliance services	**13**	8
Other tax advisory services	**99**	75

4 Staff numbers and costs

The average number of persons employed by the Group (including directors) during the year, analysed by category, was as follows:

	Number of employees 2021	2020
Sales, administration and operations	**1,726**	1,754

The aggregate payroll costs of these persons were as follows:

	2021 £000	2020 £000
Wages and salaries	**47,299**	51,572
Social security costs	**4,237**	4,742
Contributions to defined contribution plans	**1,428**	1,587
	52,964	57,901

5 Directors' remuneration

	2021 £000	2020 £000
Directors' emoluments in respect of services as directors of subsidiary undertakings	**2,719**	2,210

The aggregate remuneration of the highest paid director was £859,000 *(2020: £653,000)*. The highest paid director was not a member of the group pension scheme.

6 Interest payable and similar expenses

	2021 £000	2020 £000
Bank interest payable	**2,204**	3,490
Finance charges on finance leases	**261**	272
Interest receivable on loans to staff	**-**	(2)
Other interest payable	**86**	-
Total interest payable and similar expenses	**2,551**	3,760

Notes *(continued)*

7 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2021	2020
	£000	£000
Current tax		
Corporation tax on income for the period	**6,900**	1,826
Adjustments in respect of prior periods	**(43)**	13
Total current tax	**6,857**	1,839
Deferred tax (see note 17)		
Origination and reversal of timing differences	**(1,868)**	2,485
Adjustments in respect of prior periods	**(65)**	(41)
Change in tax rate	-	1,667
Total deferred tax	**(1,933)**	4,111
Total tax	**4,924**	5,950

The total tax expense in both the current and prior year is recognised in the profit and loss account.

Reconciliation of effective tax rate

	2021	2020
	£000	£000
Profit for the year	**18,705**	12,713
Total tax expense	**4,924**	5,950
Profit before taxation	**23,629**	18,663
Tax using the UK corporation tax rate of 19% *(2019: 19%)*	**4,490**	3,546
Expenses not allowable for tax purposes	**248**	203
Lower tax rate on overseas earnings	**(103)**	(142)
Non-taxable revaluation gain on property	-	(210)
Other timing difference	**(90)**	373
Other- Capital Gains	**91**	44
Under/(Over) provided in prior years	**(108)**	(28)
Fixed asset timing differences	**396**	497
Increase in tax rate on opening deferred tax balances	-	1,667
Total tax expense included in profit or loss	**4,924**	5,950

Factors affecting the future current and total tax charges

As part of the UK Budget in March 2021, changes to the UK corporation tax rates were announced including confirmation that the UK corporation tax rate will increase to 25% from 1 April 2023. This change was not substantively enacted at the Balance Sheet date and therefore its impact is not reflected in these financial statements. Had the change to 25% been substantively enacted at the Balance Sheet date there would have been impact of £5,211,000 on these financial statements.

Notes *(continued)*

8 Tangible fixed assets

Group	Freehold land and buildings – short leasehold £000	Plant machinery and equipment £000	Motor vehicles £000	Total £000
Cost				
Balance at 1 April 2020	68,867	390,170	32,815	491,852
Additions	3,473	39,791	5,992	49,256
Additions – Leasing Unwind	-	16,778	-	16,778
Disposals	(149)	(38,524)	(3,097)	(41,770)
Disposals – Leasing Unwind	-	(72,389)	-	(72,389)
Balance at 31 March 2021	72,191	335,826	35,710	443,727
Depreciation and impairment				
Balance at 1 April 2020	14,011	193,627	19,247	226,885
Depreciation charge for the year	2,221	53,170	4,046	59,437
Disposals	(44)	(31,797)	(2,921)	(34,762)
Disposals – Leasing Unwind	-	(55,611)	-	(55,611)
Balance at 31 March 2021	16,188	159,389	20,372	195,949
Net book value				
At 1 April 2020	54,856	196,543	13,568	264,967
At 31 March 2021	**56,003**	**176,437**	**15,338**	**247,778**

Land and Buildings

The net book amount of land and buildings includes £27,376,000 *(2020: £26,280,000)* in respect of freehold land on which no depreciation is charged.

Included in the total net book value of plant and machinery and motor vehicles is £13,748,000 *(2020: £11,564,000)* in respect of assets held under hire purchase agreements and finance leases.

Notes *(continued)*

9 Investment property

Group	**£000**
Balance at 1 April 2020	6,440
Impairments	(400)
Disposals	(200)
Balance at 31 March 2021	**5,840**
Company	
Balance at 1 April 2020 and 31 March 2021	**4,576**

No item of investment property in the year was valued by an external, independent valuer (2020: £6,440,000). The director's value the portfolio every year.

Rental income from investment property is accounted for as described in the turnover accounting policy.

10 Fixed asset investments

Company	**Shares in group undertakings £000**
Cost	
At beginning and end of year	**6,330**
Acquisitions from group undertakings	**6,071**
Disposals to group undertakings	**(6,071)**
Balance at 31 March 2021	6,330

As part of a group restructure on 31st January 2021, the company disposed of its 100% holding in GAP Group Properties Limited to GAP Group Limited by way of share for share exchange. The newly acquired shares are recognised at their book value in accordance with reconstruction relief.

The undertakings in which the Group's and Company's interest at the year-end is more than 20% are as follows.

Subsidiary undertakings	**Country of incorporation**	**Registered number**	**Principal activity**	**Percentage of ordinary shares held**
GAP Group Limited	England[1]	198823	Plant Hire	100%
GAP Group Leasing Limited	England[1]	07982562	Asset Leasing	100%[5]
Ace Hire and Sales Limited	Isle of Man[2]	081312C	Plant Hire	100%[5]
GAP Group Properties Limited	England[3]	159415	Property Investment	100%[5]
Gordon Anderson Plant Limited	Scotland[3]	SC060296	Dormant	100%
GAP Trench Support Limited	Scotland[3]	SC460145	Dormant	100%[5]
4 Group Limited	Jersey[4]	115357	Plant Hire	100%[5]
GAP Hire Solutions Limited	Scotland[3]	SC620176	Dormant	100%[5]

1 Registered office address - Blenheim Place, Dunston Industrial Estate, Gateshead, Tyne And Wear, NE11 9HF.
2 Registered office address - Unit 10, South Quay Industrial Estate, Douglas, Isle of Man, IM1 5AT
3 Registered office address consistent with GAP Holdings Limited (see Directors' report).
4 Registered office address – Stanley Lodge, La Rue de la Mare des Reines, St. Martin, Jersey, JE3 6HB
5 Held indirectly.

Notes *(continued)*

11 Goodwill

	Group 2021 £000	Group 2020 £000
Balance at 1 April 2020	**1,493**	1,935
Amortisation	**(441)**	(442)
Balance at 31st March 2021	**1,052**	1,493

12 Stocks

	Group 2021 £000	Group 2020 £000
Spares, consumable stores, and goods for resale	**5,792**	6,173

13 Debtors

	Group		**Company**	
	2021 £000	2020 £000	**2021 £000**	2020 £000
Due within one year:				
Trade debtors	**45,887**	45,568	**20**	-
Amounts owed by related party	**2,713**	3,866	-	-
Amounts owed by group undertakings	-	-	**673**	673
Other debtors and prepayments	**3,698**	2,012	-	-
Corporation Tax	**367**	-	-	-
	52,665	51,446	**693**	673

14 Creditors: amounts falling due within one year

	Group		**Company**	
	2021 £000	2020 £000	**2021 £000**	2020 £000
Trade creditors	**28,636**	27,659	-	-
Amounts owed to related party	**159**	39	-	-
ABL revolving credit facility (note 16)	**24,150**	27,226	-	-
Unamortised bank facility costs	**(151)**	(172)	-	-
Obligations under finance leases	**4,611**	2,914	-	-
Taxation and social security	**9,890**	4,794	-	-
Accruals and deferred income	**25,553**	19,410	36	-
Corporation Tax	-	605	-	-
	92,848	82,475	36	-

Notes *(continued)*

15 Creditors: amounts falling after more than one year

	Group		Company	
	2021	2020	**2021**	2020
	£000	£000	**£000**	£000
ABL revolving credit facility	**66,690**	107,955	**-**	-
Obligations under finance leases	**5,180**	5,700	**-**	-
Unamortised facility costs	**(392)**	(506)	**-**	-
Amounts owed to group undertakings	**-**	-	**7,265**	6,180
	71,478	113,149	**7,265**	6,180

16 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost.

	Group	
	2021	2020
	£000	£000
Creditors falling due after more than one year		
ABL revolving credit facility	**66,690**	107,955
Unamortised bank facility costs	**(392)**	(506)
Finance lease liabilities	**5,180**	5,700
	71,478	113,149
Creditors falling due within less than one year		
ABL revolving credit facility	**24,150**	27,226
Unamortised bank facility costs	**(151)**	(172)
Finance lease liabilities	**4,611**	2,914
	28,610	29,968

Analysis of debt

	2021	2020
	£000	£000
Debt can be analysed as falling due:		
In less than one year	**28,761**	30,140
Between one and two years	**23,894**	30,267
Between two and five years	**47,976**	83,388
	100,631	143,795

Notes *(continued)*

16 Interest-bearing loans and borrowings *(continued)*

Obligations under finance leases and similar hire purchase agreements are repayable in two to three years. Amounts due under finance leases and hire purchase agreements are secured over certain items of plant and equipment.

On 16 September 2019, the group increased the ABL revolving credit facility to £172 million. The facility has a further £68 million accordion available. The facility runs for 6 years to September 2025.

Interest is charged at LIBOR +1.5% across all components of the borrowing base.

Finance lease liabilities

Finance lease liabilities are payable as follows:

Group	**Minimum lease payments 2021 £000**	Minimum lease payments 2020 £000
Less than one year	**4,611**	2,914
Between one and five years	**5,180**	5,700
	9,791	8,614

17 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	2021 £000	2020 £000	**2021 £000**	2020 £000	**2021 £000**	2020 £000
Accelerated capital allowances		-	**(16,631)**	(18,467)	**(16,631)**	(18,467)
Other timing differences	**239**	142	**(109)**	-	**130**	142
Tax assets/(liabilities)	**239**	142	**(16,740)**	(18,467)	**(16,501)**	(18,325)
Tax assets offset	**(239)**	(142)	**239**	142	**-**	-
Net tax liabilities	**-**	-	**(16,501)**	(18,325)	**(16,501)**	(18,325)

Company	Assets		Liabilities		Net	
	2021 £000	2020 £000	**2021 £000**	2020 £000	**2021 £000**	2020 £000
Other timing differences	**-**	-	**(109)**	-	**(109)**	-
Net tax liabilities		-	**(109)**	-	**(109)**	-

Notes *(continued)*

18 Employee benefits

Defined contribution plans

Group

The Group operates a stakeholder defined contribution pension scheme.

The total expense relating to the scheme in the current year was £1,428,000 *(2020: £1,587,000).*

19 Capital and reserves

Share capital

In thousands of shares	Ordinary shares 2021
On issue at 1 April 2020 and 31 March 2021	**150**

	2021 £000	2020 £000
Allotted, called up and fully paid		
150,000 ordinary shares of £1 each	**150**	150

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

20 Financial instruments

The carrying amounts of the financial assets and liabilities include:

	2021 £000	2020 £000
Assets measured at amortised cost	**52,665**	51,446
Liabilities measured at amortised cost	**(164,326)**	(195,624)

21 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Group 2021 £000	Group 2020 £000
Less than one year	**2,726**	2,191
Between one and five years	**5,357**	5,277
More than five years	**596**	1,061
	8,679	8,529

During the year £5,855,000 was recognised as an expense in the profit and loss account in respect of operating leases *(2020: £5,246,000).*

Notes *(continued)*

22 Commitments

Capital commitments

The Group had no capital commitments at the year end.

23 Acquisitions

There were no acquisitions during the year. Please see note 26 for post balance sheet events.

24 Related parties

Group

The group paid rental amounts for vehicles at market value and other charges to the following company in which DG Anderson and IM Anderson have a material interest:

	Administrative expenses recovered from		Purchases from	
	2021	2020	**2021**	2020
	£000	£000	**£000**	£000
GAP Vehicle Hire	**138**	813	**(6,430)**	(5,394)
	138	813	**(6,430)**	(5,394)

	Receivables outstanding		Creditors outstanding	
	2021	2020	**2021**	2020
	£000	£000	**£000**	£000
GAP Vehicle Hire – Loan	**2,500**	3,500	**-**	-
GAP Vehicle Hire – Trade Balance	**213**	366	**(159)**	(39)
	2,713	3,866	**(159)**	(39)

The amounts are repayable on demand and interest is charged at Base Rate + 1%.

Other related parties comprise wholly owned Group companies. Transactions with related parties were carried out at arms-length agreed terms, conditions and prices. The Group and company have taken advantage of the exemption within FRS102 Section 33 paragraph 33.1A from the requirement to disclose transactions with other wholly owned companies in the same group.

Transactions with key management personnel

The directors are considered to be key management personnel. Their total remuneration is disclosed in note 5.

Notes *(continued)*

25 Accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions in applying the accounting policies that affect the reported amounts of assets and liabilities, income and expense. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The judgements, estimates and 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 following accounting policies and judgements are limited to those items that would be most likely to produce materially different results were the underlying judgements, estimates and assumptions changed:

Property, plant and equipment

In relation to the Group's property, plant and equipment (note 8), useful economic lives and residual values of assets have been established using historical experience and an assessment of the nature of the assets involved. At 31 March 2021, the carrying value of hire equipment was £173.5m *(2020: £193.1m)* representing 70.0% *(2020: 72.9%)* of the total property, plant and equipment. Both useful economic lives and residual values are reviewed on a regular basis.

Bad debt provision

The Group monitors the risk profile of debtors regularly and makes a provision for amounts that may not be recoverable.

26 Post Balance Sheet Events

On 31st March 2021 at 11.59pm, GAP Holdings Ltd through GAP Group Ltd acquired 100% of the share capital of CAMS Hire Ltd. Due to the value of the acquisition, there was no requirement to include in the consolidation at 31st March 2021. CAMS Hire Ltd is a plant hire business based in Guernsey and during the course of the financial year to March 2022, 4 Group Ltd in Jersey will be responsible for supporting the business.

27 Ultimate parent company and parent company of larger group

The ultimate ownership of the company is the Anderson family including the directors DG and IM Anderson as they control all the share capital. A copy of the financial statements is available to the public and may be obtained from Companies House, 4th Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF.