

GAP Holdings Limited

Annual report and consolidated
financial statements

Registered number SC143099

31 March 2020

Contents

Chairman's Statement	1
Strategic Report	2
Directors' Report	8
Statement of directors' responsibilities in respect of the Annual Report, Strategic Report, the Directors' Report and the financial statements	9
Independent auditor's report to the members of Gap Holdings Limited	10
Consolidated Profit and Loss Account	12
Consolidated Balance Sheet	13
Company Balance Sheet	14
Consolidated Statement of Changes in Equity	15
Company Statement of Changes in Equity	16
Consolidated Cash Flow Statement	17
Notes	18

Chairman's Statement

Economic growth within the UK was slow during the first three quarters of our Financial Year but fell by 2% in the quarter to 31 March 2020 signalling the first direct impacts of the coronavirus (COVID-19) on the UK economy. The fall in March alone was 5.8%. This economic backdrop reflected our own context for the past year – steady, if not spectacular year on year growth for the first eleven months of the year and a final month which was disrupted by the early effects of the coronavirus crisis.

Despite these challenging macro-economic conditions, we delivered a 3.3% increase in turnover, recorded our third highest profit performance in our 51-year history and increased our EBITDA to a record £81.7m.

Investment in our hire fleet totalled £65m maintaining our objective of being the market leader in respect of the proportion of our turnover that is invested in our hire fleet. This was achieved as part of a prudent and careful treasury management policy which enabled us to tightly control our debt leverage for another consecutive year. Our headroom on our ABL facility, which is in place until September 2025, was £105.5m at the year end.

We implemented the next phase of our senior leadership succession plan in October 2019 with the establishment of 4 new Managing Director positions sitting below the GAP Holdings Board. In addition to optimising our reporting structures this has also enabled us to add external talent to our senior management team.

Our apprenticeship programme continues to be successful; during the year, we grew the number of apprentices within the business by 35% and in March 2020 we launched our recruitment campaign for 2020/21 with the aim of creating a minimum of 50 apprenticeships nationwide.

Staff retention across the Group has improved by 5% in the last 12 months due to our on-going employee engagement strategies, for example: pulse surveys, Senior Management team buddy programme, monthly GAP Gazette and our employee recognition scheme.

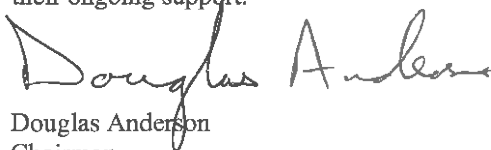
Through effective and proactive risk management we continued to record year on year improvement in safety, with Accident Frequency and RIDDOR rates unrivalled throughout the industry, reflecting positively the behaviours and attitudes of all our employees.

At the time of writing we have successfully navigated through what we hope is the worst of the coronavirus Covid-19 crisis. The safety and wellbeing of GAP staff and customers has been and continues to be our overriding priority. We have maintained a very clear focus on the Covid-19 situation and have fully followed Government safety, security and wellbeing guidelines.

Our turnover performance has improved in each of the first three months of our FY21 year during which we have maintained an extremely tight grip on all costs. Our cash management has also been excellent allowing us to maintain our funding headroom during the crisis. There can be no doubt that our long-term planning horizon, underpinned by our family ownership structure, and our relentless focus on carefully managing debt levels and maintaining a strong balance sheet has helped us navigate the crisis better than many and positions us well to take full advantage of the economic recovery when it comes.

Danny O'Neil who has been our Chairman since January 2006 retired in April 2020. I would like to thank him for his significant contribution, support and wise counsel during the past 14 years. We wish him a long and happy retirement.

Finally, as always, I would like to thank our loyal employees for their tireless commitment and especially those who have enabled us to continue to operate during the coronavirus crisis and support the many essential sectors we supply into. My thanks also to our valued customers for the business they have given us and to our suppliers for their ongoing support.



Douglas Anderson
Chairman

Strategic Report

The directors submit their report and financial statements for the year ended 31 March 2020.

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.

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 brought transport management under the safety, security and environment compliance 'umbrella' to better align 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 realised that it had both a moral and ethical responsibility for its business to be sustainable against a backdrop of the earth's climate challenges and within a rapidly evolving society. GAP made the positive and progressive decision at that time 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. This foresight and unwavering commitment have helped make GAP one of the most progressive hire company within the UK. GAP is advancing sustainability across all its Divisions and value chains. GAP will introduce during 2020/21 an 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'.

To manage GAP's risks effectively we have identified a risk appetite 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

Strategic Report *(continued)*

- 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 initiated work to formalise GAP's approach to the reporting of risk to the Board and risk oversight within the Group. We have conducted a formal exercise to identify and assess principal risks and whilst doing so we have considered our risk exposure 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, more than ever before, health, safety and both physical and mental wellbeing are intrinsic values for everybody.

Through effective and proactive risk management GAP continued to record year on year 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.

Covid-19. The safety and wellbeing of GAP staff and customers has been and continues to be our overriding priority. GAP is closely monitoring the Covid-19 situation and is fully following 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.

Strategic Report *(continued)*

Human Resources

As in previous years, our focus during 2019/20 continued to be the recruitment, retention and development of talent within the Group.

Succession planning was also a major focus during the year culminating in an organisational restructure in October 2019 and the creation of four new Managing Director positions sitting below the GAP Holdings Board. At the time of writing, three of these positions have been filled, two internally and one externally. The new positions are fully responsible for the effective management of sales and operations with a relentless focus on sustainable growth and people development.

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 is 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 35% and in March 2020 we launched our recruitment campaign for 2020/21 with the aim of creating a minimum of 50 apprenticeships 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 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 5% in the last 12 months due to our on-going employee engagement strategies, for example, 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 employee's commitment to our shared values through the Awards of Excellence.

Towards the end of the year, the COV-19 global pandemic hit the UK. The Company reacted quickly and decisively implementing measures to ensure the safety of its 1800 strong workforce, initially by introducing rotational working in our Head Office where social distancing was a challenge and implementing stringent safety procedures across Group operations to allow us to continue to operate effectively but safely.

Following the Government's decision on 20 March to move into a period of lockdown more substantial steps were taken to protect the business and jobs. As a supplier of equipment and services to the infrastructure, utilities, oil, gas, sewerage and highways sectors across the UK, GAP is classed as an essential service and our employees as key workers which enabled us to remain open for business. However, due to the closure of many construction sites across the UK, revenue was significantly reduced.

We are grateful for the Government's financial support with the introduction of the Job Retention Scheme which has enabled us to protect the jobs of many of our employees by placing them into furlough.

Strategic Report *(continued)*

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 this period of uncertainty.

We look forward positively to the future when the Coronavirus is contained, the country can return gradually to some form of normality and we can continue to develop and support our employees.

In addition, in November 2018, as part of their development, our final year apprentices attended an outward-bound event in the Lake District. This was the first event of its kind for GAP and was extremely well received by all those who attended.

Giving employees' a voice is key to staff retention, morale and productivity. Regular 'pulse' surveys across the business together with the recently launched Senior Management Team 'buddy' scheme where every member of the SMT is assigned a cluster of depots to buddy up with, allows us to hear and respond positively to employees' views and needs and to answer any concerns they have quickly and effectively.

As a family owned and run business our core values of Communication, One Team, Dedication and Efficiency (the GAP CODE), are essential to our on-going success. Rewarding staff for their commitment to the GAP 'CODE' helps to keep our values alive; the Excellence Awards Committee meet monthly to review the many nominations from colleagues for their colleagues and during the year, over 100 employees received recognition for their commitment to GAP and its core values, with the best of the best being invited to attend the Annual Awards of Excellence Dinner in October 2018.

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.

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 Employee Engagement Statement

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 firmwide 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 3 months on the impact of Covid-19, the decisions the Board are taking 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 the 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.

Strategic Report *(continued)*

- 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.
- 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.

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 employee's 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.

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 2020 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, 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.

Strategic Report *(continued)*

Financial Information

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

	2020	2019	2018	2017	2016
No of Locations	146	137	137	134	133
Turnover	£209.8m	£203.0m	£186.6m	£175.0m	£157.7m
No of Employees at 31 March	1,805	1,724	1,676	1,622	1,490
EBITDA	£81.7m*	£80.4m	£73.1m	£69.8m	£61.8m
Pre-tax profit	£18.7m	£18.7m	£16.7m	£17.1m	£15.8m
Shareholder's Funds	£117.3m	£109.2m	£98.3m	£88.9m	£77.8m

*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 £12,713,000 (2019: profit of £15,123,000), which is reviewed in the Chairman's Statement.

An interim dividend of £4,678,000 (2019: £4,170,000) was declared in July 2019 and paid during the year. No final dividend is proposed.

On behalf of the board

C A G Parr
Secretary

27 August 2020

Directors' Report

The directors present their annual report, together with the audited consolidated financial statements for the year ended 31 March 2020.

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 (Chairman) – resigned 19 April 2020
C A G Parr
M D Anderson
K McEwan

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.

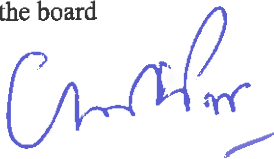
Disclosure of information to auditor

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.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

On behalf of the board



C A G Parr
Secretary

Carrick House
40 Carrick Street
Glasgow
G2 8DA

27 August 2020

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.

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 2020 which comprise the consolidated profit and loss, the consolidated and company balance sheets, the consolidated and company statement of changes in equity, the consolidated cash flow 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 2020 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").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the group's business model, including the impact of Brexit, and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

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 absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the company will continue in operation.

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.

Independent auditor's report to the members of GAP Holdings Limited *(continued)*

Directors' responsibilities

As explained more fully in their statement set out on page 6, 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.

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.



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

27 August 2020

Consolidated Profit and Loss Account
for the year ended 31 March 2020

	<i>Note</i>	2020 £000	2019 £000
Turnover	2	209,752	202,952
Cost of sales		(139,285)	(134,736)
		<hr/>	<hr/>
Gross profit		70,467	68,216
Revaluation gain on investment property	9	1,102	-
Administrative expenses		(49,146)	(46,003)
		<hr/>	<hr/>
Group operating profit	3	22,423	22,213
Net Interest payable and similar expenses	6	(3,760)	(3,503)
		<hr/>	<hr/>
Profit before taxation		18,663	18,710
Tax on profit	7	(5,950)	(3,587)
		<hr/>	<hr/>
Profit after taxation for the financial year		12,713	15,123
		<hr/> <hr/>	<hr/> <hr/>

Other Comprehensive Income

There is no other comprehensive income, other than the profit shown above.

All activities in both 2019 and 2020 are continuing.

Notes on pages 18 to 31 form part of the financial statements


Consolidated Balance Sheet
as at 31 March 2020

	<i>Note</i>	2020 £000	2020 £000	2019 £000	2019 £000
Fixed assets					
Tangible assets	8	264,967		244,046	
Investment properties	9	6,440		5,235	
Goodwill	11	1,493		1,935	
			272,900		251,216
Current assets					
Stocks	12	6,173		5,855	
Debtors	13	51,446		47,618	
Cash at bank and in hand		701		871	
		58,320		54,344	
Creditors: amounts falling due within one year	14	(82,475)		(179,078)	
Net current liabilities			(24,155)		(124,734)
Total assets less current liabilities			248,745		126,482
Creditors: amounts falling due after more than one year	15		(113,149)		(3,032)
Provisions for liabilities					
Deferred tax liability	17	(18,325)		(14,214)	
			(18,325)		(14,214)
Net assets			117,271		109,236
Capital and reserves					
Called up share capital	19		150		150
Profit and loss account			117,121		109,086
Equity shareholders' funds			117,271		109,236

The notes on pages 18 to 31 form part of the financial statements.

These financial statements were approved by the board of directors on 27 August 2020 and were signed on its behalf by:


Douglas Anderson
Director


Iain Anderson
Director

Company registered number: SC143099

Company Balance Sheet
at 31 March 2020

	<i>Note</i>	2020 £000	2020 £000	2019 £000	2019 £000
Fixed assets					
Investment properties	<i>9</i>	4,576		=	
Investments	<i>10</i>	6,330		6,330	
		<hr/>	10,906	<hr/>	6,330
Current assets					
Debtors	<i>13</i>	673		673	
		<hr/>		<hr/>	
Net current assets			673		673
			<hr/>		<hr/>
Total assets less current liabilities			11,579		7,003
Creditors: amounts falling due after more than one year	<i>15</i>		(6,180)		(6,180)
			<hr/>		<hr/>
Net assets			5,399		823
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	<i>19</i>		150		150
Profit and loss account			5,249		673
			<hr/>		<hr/>
Equity shareholders' funds			5,399		823
			<hr/>		<hr/>

The notes on pages 18 to 31 form part of the financial statements.

These financial statements were approved by the board of directors on 27 August 2020 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 2018	150	98,133	98,283
Total comprehensive income for the year			
Profit for the year	-	15,123	15,123
Total comprehensive income for the year	-	15,123	15,123
Transactions with owners, recorded directly in equity			
Dividends	-	(4,170)	(4,170)
Total contributions by and distributions to owners	-	(4,170)	(4,170)
Balance at 31 March 2019	150	109,086	109,236

	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 paid	-	(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

Company Statement of Changes in Equity

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 April 2018	150	673	823
Total comprehensive income for the year			
Profit	-	4,170	4,170
Total comprehensive income for the year	-	4,170	4,170
Transactions with owners, recorded directly in equity			
Dividends paid	-	(4,170)	(4,170)
Total contributions by and distributions to owners	-	(4,170)	(4,170)
Balance at 31 March 2019	150	673	823
	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	-	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

Consolidated Cash Flow Statement
for year ended 31 March 2020

	<i>Note</i>	2020	2019
		£000	£000
Cash flows from operating activities			
Group operating profit excluding revaluation gain on properties		21,321	22,213
<i>Adjustments for:</i>			
Depreciation, amortisation and impairment		60,550	58,609
Gain on sale of tangible fixed assets		(8,811)	(7,282)
		73,060	73,540
Increase in trade and other debtors		(2,049)	(1,496)
Increase in stocks		(318)	(979)
(Decrease)/increase in trade and other creditors		9,386	(3,609)
Working capital arising on acquisition		-	422
		7,019	(5,662)
Dividends paid		(4,678)	(4,170)
Interest paid		(3,972)	(3,230)
Interest element of finance lease rental payments		(272)	(188)
Tax (paid)/received		(1,758)	6
Acquisitions tax (paid)		-	(57)
Net cash from operating activities		69,399	60,239
Cash flows from investing activities			
Proceeds from sale of tangible fixed assets		26,776	14,880
Acquisitions (net of cash acquired)		-	(3,744)
Acquisitions – tangible fixed assets acquired		-	2,591
Acquisition of tangible fixed assets and investment properties (excluding purchases under finance leases)	8	(92,082)	(75,871)
Net cash from investing activities		(65,306)	(62,144)
Cash flows from financing activities			
Capital elements of finance lease payments		(4,820)	(2,561)
Proceeds from new loan		2,330	7,372
Movement in related party balances	24	(1,773)	(1,847)
Loans acquired on acquisition	23	-	(1,418)
Net cash from financing activities		(4,263)	1,546
Net (decrease)/increase in cash and cash equivalents		(170)	(359)
Cash and cash equivalents at beginning of the year		871	1,230
Cash and cash equivalents at end of the year		701	871

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 as a result of COVID-19 and its impact on the Group. These forecasts have been reviewed by the Board of Directors. Whilst the situation continues to evolve, we are seeing the construction sector re-open for business across the UK and our customers are returning to work.

In the event of the severe but plausible downside scenario, which results in a sustained decrease in hire revenue in line with what was experienced during the lockdown period, 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. Additionally, the forecasts include the company’s use of the government’s job retention scheme but only for the timelines currently announced by the Government.

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 obligations as they fall due and continue to trade for a period of at least 12 months from the signing of these

Notes (continued)

1 Accounting policies (continued)

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 2020. 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%

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.

Notes (continued)

1 Accounting policies (continued)

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 it is 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 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.

Notes (continued)

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.

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.

	2020 £000	2019 £000
Hire of equipment and ancillary services	209,314	202,553
Investment property rentals	438	399
	<u>209,752</u>	<u>202,952</u>

3 Expenses and auditor's remuneration

Included in operating profit are the following:

	2020 £000	2019 £000
Depreciation of tangible fixed assets		
- Owned	57,139	55,863
- finance leases	2,769	2,022
Impairment of investment properties	200	453
Gain on disposal of tangible fixed assets	(8,811)	(7,282)
Amortisation of goodwill	442	271
Hire of vehicles under operating leases	1,840	1,174
Hire of plant and machinery	1,017	2,171
Rental of land and buildings under operating leases	2,389	2,519
	<u>2,389</u>	<u>2,519</u>

Auditor's remuneration:

	2020 £000	2019 £000
Audit of these financial statements	5	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	58	58
Audit-related assurance services	-	-
Taxation compliance services	8	10
Other tax advisory services	75	41
	<u>75</u>	<u>41</u>

Notes (continued)

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	
	2020	2019
Sales, administration and operations	1,754	1,714

The aggregate payroll costs of these persons were as follows:

	2020	2019
	£000	£000
Wages and salaries	51,572	47,232
Social security costs	4,742	4,358
Contributions to defined contribution plans	1,587	1,215
	<u>57,901</u>	<u>52,805</u>

5 Directors' remuneration

	2020	2019
	£000	£000
Directors' emoluments in respect of services as directors of subsidiary undertakings	2,210	2,751

The aggregate remuneration of the highest paid director was £653,000 (2019: £841,000). The highest paid director was not a member of the group pension scheme.

6 Interest payable and similar expenses

	2020	2019
	£000	£000
Bank interest payable	3,490	3,315
Finance charges on finance leases	272	188
Interest receivable on loans to staff	(2)	-
Total interest payable and similar expenses	<u>3,760</u>	<u>3,503</u>

Notes (continued)

7 Taxation

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

	2020 £000	2019 £000
<i>Current tax</i>		
Corporation tax on income for the period	1,826	568
Adjustments in respect of prior periods	13	-
	<hr/>	<hr/>
Total current tax	1,839	568
<i>Deferred tax (see note 17)</i>		
Origination and reversal of timing differences	2,485	2,717
Adjustments in respect of prior periods	(41)	302
Change in tax rate	1,667	-
	<hr/>	<hr/>
Total deferred tax	4,111	3,019
	<hr/>	<hr/>
Total tax	5,950	3,587

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

Reconciliation of effective tax rate

	2020 £000	2019 £000
Profit for the year	12,713	15,123
Total tax expense	5,950	3,587
	<hr/>	<hr/>
Profit before taxation	18,663	18,710
Tax using the UK corporation tax rate of 19% (2019: 19%)	3,546	3,555
Income/expenses not allowable for tax purposes	203	83
Lower tax rate on overseas evenings	(142)	(56)
Non-taxable revaluation gain on property	(210)	-
Other timing difference	373	-
Other- Capital Gains	44	24
Under/(Over) provided in prior years	(29)	301
Fixed asset timing differences	498	(320)
Increase in tax rate on opening deferred tax balances	1,667	-
	<hr/>	<hr/>
Total tax expense included in profit or loss	5,950	3,587

Factors affecting the future current and total tax charges

A UK corporation rate of 19% (effective from 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. This will increase the company's future current tax charge accordingly. The deferred tax liability has been calculated at 19% (2019: 17%).

Notes (continued)

8 Tangible fixed assets

<i>Group</i>	Freehold land and buildings – short leasehold £000	Plant machinery and equipment £000	Motor vehicles £000	Total £000
Cost				
Balance at 1 April 2019	57,734	387,957	30,715	476,406
Additions	11,504	76,523	7,015	95,042
Disposals	(371)	(74,310)	(4,915)	(79,596)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 March 2020	68,867	390,170	32,815	491,852
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation and impairment				
Balance at 1 April 2019	12,378	199,851	20,131	232,360
Depreciation charge for the year	1,701	54,462	3,745	59,908
Disposals	(68)	(60,686)	(4,629)	(65,383)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 March 2020	14,011	193,627	19,247	226,885
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 1 April 2019	45,356	188,106	10,584	244,046
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2020	54,856	196,543	13,568	264,967
	<hr/>	<hr/>	<hr/>	<hr/>

Land and Buildings

The net book amount of land and buildings includes £26,280,000 (2019: £21,444,000) 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 £11,564,000 (2019: £9,344,000) in respect of assets held under hire purchase agreements and finance leases.

Notes (continued)

9 Investment property

<i>Group</i>	£000
Balance at 1 April 2019	5,235
Additions	303
Revaluations	1,102
Disposals	=
Impairment	(200)
	<hr/>
Balance at 31 March 2020	6,440
	<hr/> <hr/>
 <i>Company</i>	
Balance at 1 April 2019	=
Additions	4,576
Disposals	=
	<hr/>
Balance at 31 March 2020	4,576
	<hr/> <hr/>

Investment property was valued by an external, independent valuer during the year. The gain arising from changes in fair value is recognised in profit or loss.

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

10 Fixed asset investments

<i>Company</i>	Shares in group undertakings £000
<i>Cost</i>	
At beginning and end of year	6,330
	<hr/> <hr/>

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

	Country of incorporation	Registered number	Principal activity	Percentage of ordinary shares held
<i>Subsidiary undertakings</i>				
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%
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 2020 £000	Group 2019 £000
Balance at 1 April 2019	1,935	-
Acquisitions	-	2,206
Amortisation	(442)	(271)
Balance at 31st March 2020	1,493	1,935

12 Stocks

	Group 2020 £000	Group 2019 £000
Spares, consumable stores and goods for resale	6,173	5,855

13 Debtors

	Group		Company	
	2020 £000	2019 £000	2020 £000	2019 £000
Due within one year:				
Trade debtors	45,568	43,267	-	-
Amounts owed by related party	3,866	2,087	-	-
Amounts owed by group undertakings	-	-	673	673
Other debtors and prepayments	2,012	2,264	-	-
	51,446	47,618	673	673

14 Creditors: amounts falling due within one year

	Group		Company	
	2020 £000	2019 £000	2020 £000	2019 £000
Trade creditors	27,659	18,978	-	-
Amounts owed to related party	39	33	-	-
ABL revolving credit facility (note 16)	27,226	132,851	-	-
Unamortised bank facility costs	(172)	(194)	-	-
Obligations under finance leases	2,914	3,387	-	-
Taxation and social security	4,794	5,341	-	-
Accruals and deferred income	19,410	18,158	-	-
Corporation Tax	605	524	-	-
	82,475	179,078	-	-

Notes (continued)

15 Creditors: amounts falling after more than one year

	Group		Company	
	2020	2019	2020	2019
	£000	£000	£000	£000
ABL revolving credit facility	107,955	-	-	-
Obligations under finance leases	5,700	3,032	-	-
Unamortised facility costs	(506)	-	-	-
Amounts owed to group undertakings	-	-	6,180	6,180
	<u>113,149</u>	<u>3,032</u>	<u>6,180</u>	<u>6,180</u>

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	
	2020	2019
	£000	£000
Creditors falling due after more than one year		
ABL revolving credit facility	107,955	-
Unamortised bank facility costs	(506)	-
Finance lease liabilities	5,700	3,032
	<u>113,149</u>	<u>3,032</u>
Creditors falling due within less than one year		
ABL revolving credit facility	27,226	132,851
Unamortised bank facility costs	(172)	(194)
Finance lease liabilities	2,914	3,387
	<u>29,968</u>	<u>136,044</u>
Analysis of debt		
	2020	2019
	£000	£000
Debt can be analysed as falling due:		
In less than one year	30,140	136,238
Between one and two years	30,267	1,914
Between two and five years	83,388	1,118
	<u>143,795</u>	<u>139,270</u>

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	Minimum
	lease payments 2020 £000	lease payments 2019 £000
Less than one year	2,914	3,387
Between one and five years	5,700	3,032
More than five years	-	-
	8,614	6,419

17 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	2020 £000	2019 £000	2020 £000	2019 £000	2020 £000	2019 £000
Accelerated capital allowances	-	-	(18,467)	(15,240)	(18,467)	(15,240)
Other timing differences	142	1,026	-	-	142	1,026
Losses	-	-	-	-	-	-
Tax assets/(liabilities)	142	1,026	(18,467)	(15,240)	(18,325)	(14,214)
Tax assets offset	(142)	(1,026)	142	1,026	-	-
Net tax liabilities	-	-	(18,325)	(14,214)	(18,325)	(14,214)

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 £1,587,000 (2019: £1,215,000).

19 Capital and reserves

Share capital

In thousands of shares

On issue at 1 April 2019 and 31 March 2020

	Ordinary shares	
	2020	
	2020	2019
	£000	£000
	150	150
<i>Allotted, called up and fully paid</i>		
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:

	2020	2019
	£000	£000
Assets measured at amortised cost	51,446	47,618
Liabilities measured at amortised cost	(195,624)	(182,110)

21 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Group	
	2020	2019
	£000	£000
Less than one year	2,191	884
Between one and five years	5,277	2,693
More than five years	1,061	-
	8,529	3,577

During the year £5,246,000 was recognised as an expense in the profit and loss account in respect of operating leases (2019: £5,864,000).

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.

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	
	2020 £000	2019 £000	2020 £000	2019 £000
GAP Vehicle Hire	813	649	(5,394)	(3,612)
	<u>813</u>	<u>649</u>	<u>(5,394)</u>	<u>(3,612)</u>
	Receivables outstanding		Creditors outstanding	
	2020 £000	2019 £000	2020 £000	2019 £000
GAP Vehicle Hire – Loan	3,500	2,000	-	-
GAP Vehicle Hire – Trade Balance	366	87	(39)	(33)
	<u>3,866</u>	<u>2,087</u>	<u>(39)</u>	<u>(33)</u>

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 2020, the carrying value of hire equipment was £193.1m (2019: £184.6m) representing 72.9% (2019: 75.6%) 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 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.