GAP Holdings Limited

Annual report and consolidated financial statements

Registered number SC143099

31 March 2022

Contents

Chairman's Statement

The UK economy grew by 7.5% during 2021 mostly recovering from its pandemic plunge. This general economic backdrop reflected our own context where, after 12 months of careful financial stewardship, we were well placed to respond positively to the increased demand from our customers as economic activity within the infrastructure and utilities sectors recovered to pre-pandemic levels. Once again, the benefits of a robust operating model and our rapid decision-making capability facilitated by our independent family ownership created the foundation for us to react effectively.

The dedication and commitment shown by our employees during the past twelve months was again outstanding adapting dynamically to support our customers in navigating the post-COVID landscape.

Our turnover increased by 22% to £240m and our pre-tax profit increased to £36.1m. Investment in our hire fleet totalled £89m and having placed substantial orders for new equipment during the second half of our last financial year we were almost entirely insulated from the new equipment shortages that affected our industry during the first half of this financial year.

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. Our Wellbeing Hub, which was launched during 2020, has been enhanced to include additional resources on mental health and financial wellbeing and regular webinars on related topics have been introduced. In addition, members of the management team have taken part in Mental Health First Aid training and we now have Mental Health first aiders in every part of the business to help support our employees throughout the UK when they need it most.

Developing the young workforce remains crucial to our on-going success and our apprenticeship programmes continue to provide the Group with future talent across all areas of the business. During the year we recruited 24 new apprentices and we were extremely proud that two of our apprentices were formally recognised by the CPA for their achievements and a further three have been nominated for awards in 2022.

As we look forward, we are faced with a sustained level of high inflation. Like other businesses we are focused on continuous improvement to make our company more efficient but have inevitably had to recover some of these cost increases through modest uplifts in our hire rates. Activity levels and order pipelines within our core sectors remain robust and our strong balance sheet and low gearing levels position us well to continue 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. During the year we invested a further £16m in property and our GBV of land and buildings is now £88m providing us with long term security that is unrivalled in our industry.

Douglas Anderson

Douglas Anderson
Chairman & Joint Managing Director

01/07/22

Strategic Report

The directors submit their report and financial statements for the year ended 31 March 2022.

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.

Safety

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

The health, safety and wellbeing of our staff and customers is a key part of GAP's leadership strategy. The roll out of our 'Think Safe' Golden Safety Rules has continued the positive and unambiguous commitment to deep-rooted behavioural safety throughout our hire services operations. Safety trends were also positive, with continued improved performance in operational safety events, recordable injury frequency and other key safety and environmental metrics.

An independent safety team supports all of GAP's operational divisions. They provide a combination of coaching, expertise and challenge to our line managers using continued risk management evaluation and data from a wide range of sources to identify the key areas requiring support in our UK-wide network of depots.

COVID-19

This has been another extraordinary year with the GAP business being operationally adaptable, flexible and nimble thereby allowing the business to help and support staff, customers and our communities throughout the COVID-19 pandemic. Safety has continued to be GAP's highest priority and over the past 12 months, with GAP acting quickly and decisively, we have helped keep our staff and customers safe. GAP staff have worked relentlessly to keep equipment available and sanitised to allow customers the highest level of assurance that they have come to expect from GAP.

Risk & Governance

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.

Strategic Report *(continued)*

GAP has a risk aware approach to managing its business operations and continues to develop its risk management framework to manage and report the risks that it faces as a Group. To manage GAP's risks effectively the business has 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 remain aligned to 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

Environment

Environmental sustainability is a critical foundation of GAP’s operations and focuses on three areas where we can make the biggest difference, with aims and objectives as follows:

- Getting to net zero
- Caring for our planet
- Improving people’s lives

During 2022 GAP will set out its ambitious plan to be net zero across its entire operations by 2040. This target includes Scopes 1 and 2, covering our direct and indirect emissions, and Scope 3 target, which covers indirect emissions which occur throughout our value chain.

Transport

GAP’s consolidated Transport Management function under the safety, security and environment compliance umbrella continues to make a positive impact in the form of reductions in vehicle incidents, average fuel use and other compliance areas against a backdrop of an increasing fleet of vehicles. GAP has invested in an industry leading asset delivery and telematics system which monitors driver behaviours and includes route planning to minimise unnecessary miles and fuel usage. The system is entirely paper-free, thus further enhancing GAP’s green credentials.

All GAP HGV drivers are required to undertake an external, industry leading driver qualification covering areas such as loading/ unloading and load security. This, in conjunction with GAP’s internal driver competence framework, has helped to create a robust approach to road safety.

Security

GAP continued to develop its progressive, risk-based approach to depot and asset security. GAP has continued to develop strong relationships with industry peers, insurers and law enforcement to tackle any security challenges that we face. 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.

Certification

GAP continues to enjoy the benefits of its integrated approach to internationally recognised certifications across all business Divisions: ISO 9001 (Quality Management); ISO 14001 (Environmental Management) and, ISO 45001 (Occupational Health & Safety Management).

Strategic Report *(continued)*

GAP has successfully achieved FORS Gold certification which evidences its commitment to supporting the continual development and promotion of our safety, risk and compliance values.

Streamlined Energy & Carbon Reporting Regulations (SECR)

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 financial 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 has 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 tCO2e) 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 2021-22-year, GAP has continued 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. During 2022, telematics were fitted to more 'light bodied' vehicles, specifically vans, and through promotion of energy efficient driving techniques GAP has seen continual improvement in energy efficiency performance. It is important to note that emissions in the 2020-21 year were reduced due to the impact of Covid on trading levels for a significant part of the year.

As previously reported, a large portion of GAP's energy consumption is attributed to vehicle fuel use, therefore, energy efficiency is a consideration when purchasing vehicles. GAP continued its hybrid vehicle procurement policy and started trialling electric powered commercial vehicles within its network. In addition, all commercial vehicle drivers are required to complete eco driving courses. There are also projects to improve energy efficiency throughout the Head Office and depot network with an LED lighting replacement program ongoing, installation of EV charging points and evaluations of other energy saving and low carbon systems such as solar panels and air source heat pumps. As noted above, GAP aims to be net zero by 2040, and has completed its first corporate carbon footprint which will form the basis for GAP's net zero strategy and roadmap to further reduce emissions and improve energy performance over time.

Strategic Report *(continued)*

Table 1: Energy Consumption for reporting period 1st April 2021 – 31st March 2022

Reporting Period 1st April 2021 – 31st March 2022		
Total	2020-21 kWh	**2021-22 kWh**
Total Scope 1 & 2 energy use (kWh)	53,508,920	**64,335,623**

Table 2: GHG emissions for reporting period 1st April 2021 – 31st March 2022

Reporting Period 1st April 2021 – 31st March 2022		
Scope 1	2020-21 tCO_{2e}	2021-22 tCO_{2e}
Gas	477	**448**
Fuel for Transport*	12,760	**13,648**
Total Scope 1	**13,237**	**14,096**
Scope 2	2020-21 tCO_{2e}	**2021-22 tCO_{2e}**
Purchased electricity (grid average)	979	**787**
Total Scope 2	979	**787**
Total	2020-21 tCO_{2e}	**2021-22 tCO_{2e}**
Total Scope 1 & 2 emissions (tCO2)	14,216	**14,883**
Intensity Ratio (tCO_2) per employee	8.31	**8.23**

During 2021-22, GAP saw a continued decrease in the intensity ratio tCO2 per employee. This decrease was realised despite a 12% increase in the number of operational vehicles being used by GAP during the same period.

Human Resources

As we navigated our way through and out of the pandemic, the health and wellbeing of our employees continued to be a key focus with mental health taking centre stage.

Our Wellbeing Hub, which was launched during 2020, has been enhanced to include additional resources on mental health and financial wellbeing and regular webinars on related topics have been introduced. In addition, members of the management team have taken part in Mental Health First Aid training and we now have Mental Health first aiders in every part of the business to help support our employees throughout the UK when they need it most.

Due to the continued shortage of skilled workers across the UK and the on-going growth of the business, recruitment and retention continued to be a major focus for the HR team. Additional Talent Acquisition Partners were recruited to support the business in attracting new and skilled talent and the new role of Recruitment and Retention Co-ordinator was created. This new role is dedicated to ensuring that new employees are on-boarded effectively. Regular check-ins with new starters help them to settle quickly and enable us to iron out any potential issues early on.

During 2021, the UK labour market faced a shortage of approximately 100,000 HGV Drivers across all industries as a result of Brexit reducing the available EU workforce, COVID-19 self-isolation rules and the reduction of available HGV driving tests due to COVID-19.

In response to the fierce competition for HGV Drivers across all industries to protect the stability of our workforce, we carried out a review of driver salaries and made appropriate adjustments which had an immediate and positive impact on retention of drivers across the UK, enabling us to continue delivering exceptional service to our valued customers.

Developing the young workforce remains crucial to our on-going success and our apprenticeship programmes continue to provide the Company with future talent across all areas of the business. During the year we recruited 24

Strategic Report *(continued)*

new apprentices and we were extremely proud that two of our apprentices were formally recognised by the CPA for their achievements and a further three have been nominated for awards in 2022.

As the business continues to grow and diversify we are in the fortunate position of being able to provide employees with the opportunity to learn new skills and develop their careers within GAP. During the year 125 employees were promoted and over 50% of all vacancies were filled internally demonstrating our commitment to employee development and career progression. To support our strategy of promoting from within wherever possible, the Learning & Development team delivered over 5,500 training days throughout the year.

Investment in leadership development also remains high on the agenda with many managers taking part in our successful Personal Impact Leadership Programme, now in its sixth year.

Investment in HR technology will be a focus for the team during the coming year ensuring that our employees can grow, learn and adapt to the changing world of work and are ready with the right skills to fulfil our future talent needs.

Our core values, Communication, One Team, Dedication and Efficiency, also known as the GAP CODE, continues to lie at the heart of our business with over 50 colleagues being recognised and rewarded throughout the year for their outstanding commitment. As Covid restrictions have now been lifted we are looking forward to celebrating with the ‘best of the best’ at an awards ceremony later in the year.

Systems

Technology investment in systems, people and infrastructure continues to be a significant focus and priority for the business.

We have introduced new data analytics and digital platforms to improve operational efficiencies and provide an enhanced digital experience for our customers.

Our integrated Enterprise Resource Planning system drives every aspect of our business and we have committed to a further significant investment to upgrade our current software version. This will deliver further efficiency and process improvements ensuring that we remain at the leading edge of technology in our sector.

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 a quarterly summary of financial results
- Strategic updates including announcements regarding senior staff appointments and any changes in the structure of the business

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.

Strategic Report *(continued)*

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 to 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.
- The GAP Wellbeing Hub will continue to ensure that GAP employees and their families 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 funding 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.

Strategic Report *(continued)*

Funding and Going Concern

The Group is funded through a six-year Asset Backed Lending ('ABL') facility to September 2025. 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 2023 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.

Financial Information

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

	2022	**2021**	**2020**	**2019**	**2018**
No of Locations	**148**	**146**	**146**	**137**	**137**
Turnover	**£240.2m**	**£196.9m**	**£209.8m**	**£203.0m**	**£186.6m**
No of Employees at 31 March	**1,867**	**1,696**	**1,805**	**1,724**	**1,676**
EBITDA	**£100.8m**	**£86.1m**	**£81.7m***	**£80.4m**	**£73.1m**
Pre-tax profit	**£36.1m**	**£23.6m**	**£18.7m**	**£18.7m**	**£16.7m**
Shareholder's Funds	**£146.2m**	**£133.1m**	**£117.3m**	**£109.2m**	**£98.3m**

*****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 through reports generated for review.

Results and dividends

The operations of the Group for the year resulted in a profit after tax of £23,716,000 (*2021: £18,705,000)*, which is reviewed in the Chairman's Statement.

Interim dividends of £10,573,000 were paid in the year *(2021: £2,800,000)*. No final dividend has been proposed.

On behalf of the board

Chris AG Parr

C A G Parr
Secretary

30/06/22

Directors' Report

The directors present their annual report, together with the audited consolidated financial statements for the year ended 31 March 2022.

Directors

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

D G Anderson
I M Anderson
C A G Parr
M D Anderson
K McEwan – resigned 1 April 2021

Qualifying third party indemnity provision is in place for the benefit of all directors of the company.

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. This is outlined further in the Strategic Report in the Section 172 statement.

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.

Business Relationships

Relationships with customers and suppliers are critical to the success of the business. The Directors meet regularly with key contacts to continue to develop working relationships during the year. These meetings allow the Directors to ensure the business strategy meets the requirements of our customer base and that its supply chain can provide the necessary support.

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.

Auditors

During the year, KPMG resigned and RSM UK Audit LLP were proposed for appointment as auditors in accordance with the Companies Act.

The auditors, RSM UK Audit LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

On behalf of the board

Chris AG Parr

C A G Parr
Secretary

Carrick House
40 Carrick Street
Glasgow
G2 8DA

30/06/22

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 Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and company financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group and the company 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the GAP Holdings Ltd 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 Ltd (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2022 which comprise the consolidated profit and loss account, the consolidated balance sheet, the company balance sheet, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated cash flow statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2022 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the 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 the directors 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 for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the group and parent company operate in and how the group and parent company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with the local tax authorities and evaluating advice received from tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to health and safety and employment legislation. We performed audit procedures to inquire of management and those charged with governance whether the entity is in compliance with these laws and regulations, inspected board meetings for health and safety instance and consulted with an internal expert to review compliance with employment legislation.

The group audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to using data analytics to test transactions impacting revenue that do not follow the usual transaction flow, testing revenue transactions recorded near to the year end and ensuring that they have been recorded in the correct period, testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business.

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

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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.

K Morrison

Katie Morrison (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Third Floor Centenary House
69 Wellington Street
Glasgow
G2 6HG

01/07/22

Consolidated Profit and Loss Account

for the year ended 31 March 2022

	Note	**2022**	2021
		£000	£000
Turnover	*2*	**240,190**	196,856
Cost of sales		**(147,967)**	(126,809)
Gross profit		**92,223**	70,047
Administrative expenses		**(53,633)**	(43,867)
Group operating profit	*3*	**38,590**	26,180
Net Interest payable and similar expenses	*6*	**(2,505)**	(2,551)
Profit before taxation		**36,085**	23,629
Tax on profit	*7*	**(12,369)**	(4,924)
Profit after taxation for the financial year		**23,716**	18,705

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

All activities in both 2021 and 2022 are continuing.

Notes on pages 21 to 36 form part of the financial statements

Consolidated Balance Sheet
as at 31 March 2022

	Note	2022 £000	2022 £000	2021 £000	2021 £000
Fixed assets					
Tangible assets	*8*	**297,326**		247,778	
Investment properties	*9*	**5,144**		5,840	
Goodwill	*11*	**1,331**		1,052	
			303,801		254,670
Current assets					
Stocks	*12*	**7,056**		5,792	
Debtors	*13*	**53,309**		52,665	
Cash at bank and in hand		**-**		767	
		60,365		59,224	
Creditors: amounts falling due within one year	*14*	**(99,126)**		(92,848)	
Net current liabilities			**(38,761)**		(33,624)
Total assets less current liabilities			**265,040**		221,046
Creditors: amounts falling due after more than one year	*15*		**(96,747)**		(71,478)
Provisions for liabilities					
Deferred tax liability	*17*	**(22,087)**		(16,501)	
			(22,087)		(16,501)
Net assets			**146,206**		133,067
Capital and reserves					
Called up share capital	*19*		**150**		150
Profit and loss account			**146,056**		132,917
Equity shareholders' funds			**146,206**		133,067

Deferred tax recognised in Other Comprehensive Income relates to valuation of land and buildings at fair value.

These financial statements were approved by the board of directors on 01/07/22 and were signed on its behalf by:

Douglas Anderson

Douglas Anderson
Director

Iain Anderson
Director

Company registered number: SC143099

Company Balance Sheet
at 31 March 2022

	Note	2022 £000	2022 £000	2021 £000	2021 £000 (As restated – refer to note 27)
Fixed assets					
Investment properties	*9*	**4,576**		4,576	
Investments	*10*	**6,312**		6,330	
			10,888		10,906
Current assets					
Debtors	*13*	**610**		693	
Cash at bank and in hand		**89**		112	
		699		805	
Creditors: amounts falling due within one year	*14*	**(7,127)**		(7,301)	
Net current liabilities			**(6,428)**		(6,496)
Total assets less current liabilities			**4,460**		4,410
Provisions for liabilities					
Deferred tax liability	*17*		**(34)**		(109)
Net assets			**4,426**		4,301
Capital and reserves					
Called up share capital	*19*		**150**		150
Profit and loss account			**4,276**		4,151
Equity shareholders' funds			**4,426**		4,301

Douglas Anderson

Douglas Anderson
Director

Iain Anderson
Director

Company registered number: SC143099

01/07/22

Consolidated Statement of Changes in Equity

	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**

	Called up share capital £000	**Profit and loss account £000**	**Total equity £000**
Balance at 1 April 2021	150	132,917	133,067
Total comprehensive income for the year			
Profit for the year	-	23,716	23,716
Total comprehensive income for the year	-	23,716	23,716
Transactions with owners, recorded directly in equity			
Dividends	-	(10,573)	(10,573)
Total contributions by and distributions to owners	-	(10,573)	(10,573)
Other transactions recorded directly in equity			
Deferred tax on unrealised gains	-	(4)	(4)
	-	(4)	(4)
Balance at 31 March 2022	**150**	**146,056**	**146,206**

Company Statement of Changes in Equity

	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**

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 April 2021	150	4,151	4,301
Total comprehensive income for the year			
Profit for the year	-	10,623	10,623
Total comprehensive income for the year	-	10,623	10,623
Transactions with owners, recorded directly in equity			
Dividends paid	-	(10,573)	(10,573)
Total contributions by and distributions to owners	-	(10,573)	(10,573)
Other transactions recorded directly in equity			
Deferred tax on unrealised gains	-	75	75
	-	75	75
Balance at 31 March 2022	**150**	**4,276**	**4,426**

Consolidated Cash Flow Statement

for year ended 31 March 2022

	Note	**2022**	2021
		£000	£000
Cash flows from operating activities			
Profit for the financial year		**23,716**	18,705
Adjustments for:			
Taxation		**12,369**	4,924
Interest payable and similar charges		**2,506**	2,551
Interest receivable and similar income		**(1)**	-
Depreciation, amortisation and impairment		**62,590**	60,278
Gain on sale of tangible fixed assets		**(14,133)**	(9,992)
		87,047	76,466
Increase in trade and other debtors		**(528)**	(2,005)
(Increase)/Decrease in stocks		**(1,264)**	381
Increase in trade and other creditors		**8,917**	12,216
		7,125	10,592
Dividends paid		**(10,573)**	-
Distributions paid (additional payment in respect of properties)		**-**	(2,800)
Interest paid		**(2,039)**	(2,155)
Interest element of finance lease rental payments		**(351)**	(261)
Tax (paid)		**(7,280)**	(7,829)
Net cash from operating activities		**73,929**	74,013
Cash flows from investing activities			
Proceeds from sale of tangible fixed assets		**37,655**	33,978
Acquisition of tangible fixed assets and investment properties (excluding purchases under finance leases)	*8*	**(111,025)**	(43,264)
Acquisition of tangible fixed assets from Leasing unwind	*8*	**(16,191)**	(16,778)
Acquisitions in year		**(3,305)**	-
Net cash from investing activities		**(92,866)**	(26,064)
Cash flows from financing activities			
Capital elements of finance lease payments		**(4,946)**	(4,815)
Proceeds from new loan		**21,605**	(44,341)
Movement in related party balances	*24*	**204**	1,273
Net cash from financing activities		**16,863**	(47,883)
Net increase/(decrease) in cash and cash equivalents		**(2,074)**	66
Cash and cash equivalents at beginning of the year		**767**	701
Cash and cash equivalents at end of the year		**(1,307)**	767

Notes
(forming part of the financial statements)

1 Accounting policies

1.1 General Information

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.

1.2 Basis for Accounting

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 26.

As permitted by Section 408 of the Companies Act 2006, the Company has not presented its own profit and loss account and related notes as it prepares consolidated accounts. The Company's profit for the year was £10,623,000 (2021: £1,811,000).

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. The Group has a net current liability position at both year end and in the prior year there are no issues with these liabilities being met due to the ABL facility in place.

The projections for the period extending to 12 months from the signing of these accounts continue to show that the Group and Company will be able to operate within the level of their facilities during that period. The projections have been stress tested to factor in inflationary and interest rate increases due to the current economic conditions that the business faces. After reviewing these projections, the directors believe that, in the current economic environment, the Group and Company are well placed to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

Consolidation

The group consolidated financial statements include the financial statements of the Company and all its subsidiary undertakings made up to 31 March 2022. 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.

Notes *(continued)*

1 Accounting policies *(continued)*

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

Freehold Land & Buildings – Short Leasehold - 4%

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.

Subsequent to initial recognition

i. investment properties whose fair value can be measured reliably without undue cost or effort are held at fair value. The Directors review the value on the current underlying market performance and long-term use of the properties. 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.

Notes *(continued)*

1 Accounting policies *(continued)*

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, group and other debtors are recognised initially at transaction price plus attributable transaction costs. Trade, group 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.

	Group 2022 £000	Group 2021 £000
Hire of equipment and ancillary services	**238,972**	196,778
Investment property rentals	**1,218**	78
	240,190	196,856

3 Expenses and auditor’s remuneration

Included in operating profit are the following:

	Group 2022 £000	Group 2021 £000
Depreciation of tangible fixed assets		
- Owned	**58,308**	56,823
- finance leases	**3,261**	2,614
Impairment of investment properties	**400**	400
Gain on disposal of tangible fixed assets	**(14,133)**	(9,992)
Amortisation of goodwill	**621**	441
Hire of vehicles under operating leases	**2,192**	2,236
Hire of plant and machinery	**376**	723
Rental of land and buildings under operating leases	**3,243**	2,896
Government Job Retention Scheme	-	(5,310)

Notes *(continued)*

3 Expenses and auditor's remuneration *(continued)*

Auditor's remuneration:	**Group 2022 £000**	Group 2021 £000
Audit of these financial statements by current auditors	**7**	-
Audit of these financial statements by previous auditors	**-**	8
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 of current auditors	**63**	-
Audit of financial statements of subsidiaries of the company of previous auditors	-	72
Taxation compliance services of previous auditors	-	13
Other tax advisory services of previous auditors	-	99

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	
	Group 2022	Group 2021
Sales, administration and operations	**1,781**	1,726

The aggregate payroll costs of these persons were as follows:

	Group 2022 £000	Group 2021 £000
Wages and salaries	**54,308**	47,299
Social security costs	**5,119**	4,237
Contributions to defined contribution plans	**1,605**	1,428
	61,032	52,964

5 Directors' remuneration

	Group 2022 £000	Group 2021 £000
Directors' emoluments in respect of services as directors of subsidiary undertakings	**2,480**	2,719

The aggregate remuneration of the highest paid director was £878,000 *(2021: £859,000).* The highest paid director was not a member of the group pension scheme.

Notes *(continued)*

6 Interest payable and similar expenses

	Group 2022 £000	Group 2021 £000
Bank interest payable	**1,988**	2,028
Amortisation of bank facility	**155**	176
Finance charges on finance leases	**351**	261
Interest receivable on loans to staff	**(1)**	-
Other interest payable	**12**	86
Total interest payable and similar expenses	**2,505**	2,551

7 Taxation

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

	Group 2022 £000	Group 2021 £000
Current tax		
Corporation tax on income for the period	**7,235**	6,900
Adjustments in respect of prior periods	**(37)**	(43)
Total current tax	**7,198**	6,857
Deferred tax (see note 17)		
Origination and reversal of timing differences	**42**	(1,868)
Adjustments in respect of prior periods	**(36)**	(65)
Change in tax rate	**5,165**	-
Total deferred tax	**5,171**	(1,933)
Total tax	**12,369**	4,924

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

Notes *(continued)*

7 Taxation *(continued)*

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

Reconciliation of effective tax rate

	Group 2022 £000	Group 2021 £000
Profit for the year	**23,716**	18,705
Total tax expense	**12,369**	4,924
Profit before taxation	**36,085**	23,629
Tax using the UK corporation tax rate of 19% *(2019: 19%)*	**6,856**	4,490
Expenses not allowable for tax purposes	**322**	248
Lower tax rate on overseas earnings	**(140)**	(103)
Other timing difference	**(148)**	(90)
Other- Capital Gains	**106**	91
Under/(Over) provided in prior years	**(73)**	(108)
Permanent asset timing differences	**271**	396
Effect of rate change	**5,175**	-
Total tax expense included in profit or loss	**12,369**	4,924

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 from 19% to 25% from 1 April 2023. This change has been reflected in the financial statements as at 31 March 2022.

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 2021	72,191	335,826	35,710	443,727
Acquisitions (see note 23)	2,442	334	19	2,795
Additions	13,987	97,038	4,332	115,357
Additions – Leasing Unwind	-	16,191	-	16,191
Disposals	(653)	(43,252)	(2,496)	(46,401)
Disposals – Leasing Unwind	-	(49,371)	-	(49,371)
Balance at 31 March 2022	87,967	356,766	37,565	482,298
Depreciation and impairment				
Balance at 1 April 2021	16,188	159,389	20,372	195,949
Depreciation charge for the year	2,449	54,581	4,539	61,569
Disposals	(199)	(36,933)	(2,234)	(39,366)
Disposals – Leasing Unwind	-	(33,180)	-	(33,180)
Balance at 31 March 2022	18,438	143,857	22,677	184,972
Net book value				
At 1 April 2021	56,003	176,437	15,338	247,778
At 31 March 2022	**69,529**	**212,909**	**14,888**	**297,326**

Land and Buildings

The net book amount of land and buildings includes £32,585,000 *(2021: £27,376,000)* 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 £14,560,000 *(2021: £13,748,000)* in respect of assets held under hire purchase agreements and finance leases.

Included within Freehold land and buildings is an amount of £573,666 relating to assets under construction. These are properties which are currently being developed for the trading purposes of GAP Holdings Ltd and its group of companies. Costs are capitalised as they are incurred and do not begin depreciating until construction is complete and asset brought into use.

Notes *(continued)*

9 Investment property

Group	£000
Balance at 1 April 2021	5,840
Impairments	(400)
Disposals	(296)
Balance at 31 March 2022	**5,144**
Company	
Balance at 1 April 2021 and 31 March 2022	**4,576**

No item of investment property in the year was valued by an external, independent valuer. The directors 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**
Impairments	
During the year	**(18)**
Balance at 31 March 2022	**6,312**

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%[6]
Ace Hire and Sales Limited	Isle of Man[2]	081312C	Plant Hire	100%[6]
GAP Group Properties Limited	England[3]	159415	Property Investment	100%[6]
Gordon Anderson Plant Limited	Scotland[3]	SC060296	Dormant	100%
GAP Trench Support Limited	Scotland[3]	SC460145	Dormant	100%[6]
4 Group Limited	Jersey[4]	115357	Plant Hire	100%[6]
GAP Hire Solutions Limited	Scotland[3]	SC620176	Dormant	100%[6]
4 Hire (Guernsey) Limited	Guernsey[5]	55469	Plant Hire	100%[6]
Bavanar Limited	England[1]	01565822	Property Investment	100%[6]

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 Registered office address - Bulwer Building, Bulwer Avenue, St Sampson, Guernsey, GY2 4LG
6 Held indirectly.

Notes *(continued)*

11 Goodwill

	Group	
	2022	2021
	£000	£000
Balance at 1 April	**1,052**	1,493
Acquisitions (note 23)	**900**	-
Amortisation	**(621)**	(441)
Balance at 31st March	**1,331**	1,052

12 Stocks

	Group	
	2022	2021
	£000	£000
Spares, consumable stores, and goods for resale	**7,056**	5,792

13 Debtors

	Group		Company	
	2022	2021	**2022**	2021
	£000	£000	**£000**	£000
Due within one year:				
Trade debtors	**46,552**	45,887	**29**	20
Amounts owed by related party	**2,617**	2,713	-	-
Amounts owed by group undertakings	-	-	**133**	673
Other debtors and prepayments	**3,691**	3,698	**448**	-
Corporation Tax	**449**	367	-	-
	53,309	52,665	**610**	693

Interest is charged at rates between 2.1% and 3.2% on amounts owed by group undertakings.

14 Creditors: amounts falling due within one year

	Group		Company	
	2022	2021	**2022**	2021
	£000	£000	**£000**	£000
				(As restated – refer to note 27)
Trade creditors	**38,587**	28,636	-	-
Amounts owed to related party	**267**	159	-	-
Amounts owed to group undertakings	-	-	**7,083**	7,265
ABL revolving credit facility (note 16)	**19,967**	24,150	-	-
Unamortised bank facility costs	**(151)**	(151)	-	-
Obligations under finance leases	**4,631**	4,611	-	-
Taxation and social security	**2,735**	9,890	-	-
Accruals and deferred income	**31,783**	25,553	**44**	36
Bank overdraft	**1,307**	-	-	-
	99,126	92,848	**7,127**	7,301

Interest is charged at rates between 2.1% and 3.2% on amounts owed by group undertakings.

Notes *(continued)*

15 Creditors: amounts falling due after more than one year

	Group		Company	
	2022	2021	**2022**	2021
	£000	£000	**£000**	£000 (As restated – refer to note 27)
ABL revolving credit facility (see note 16)	**92,478**	66,690	-	-
Obligations under finance leases (see note 16)	**4,546**	5,180	-	-
Unamortised facility costs	**(277)**	(392)	-	-
	96,747	71,478	-	-

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	
	2022	2021
	£000	£000
Creditors falling due after more than one year		
ABL revolving credit facility	**92,478**	66,690
Unamortised bank facility costs	**(277)**	(392)
Finance lease liabilities	**4,546**	5,180
	96,747	71,478
Creditors falling due within less than one year		
ABL revolving credit facility	**19,967**	24,150
Unamortised bank facility costs	**(151)**	(151)
Finance lease liabilities	**4,631**	4,611
	24,447	28,610

Analysis of debt

	2022	2021
	£000	£000
Debt can be analysed as falling due:		
In less than one year	**24,598**	28,761
Between one and two years	**49,065**	23,894
Between two and five years	**47,959**	47,976
	121,622	100,631

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 SONIA +1.5% across all components of the borrowing base.

RBS and the banking club have a floating charge over the assets of the company which is in relation to the ABL facility that is in place until September 2025.

Finance lease liabilities

Finance lease liabilities are payable as follows:

Group	**Minimum lease payments 2022 £000**	Minimum lease payments 2021 £000
Less than one year	**4,631**	4,611
Between one and five years	**4,546**	5,180
	9,177	9,791

17 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	**Assets**		**Liabilities**		**Net**	
	2022 £000	2021 £000	**2022 £000**	2021 £000	**2022 £000**	2021 £000
Accelerated capital allowances	-	-	**(21,682)**	(16,631)	**(21,682)**	(16,631)
Other timing differences	**119**	239	**(524)**	(109)	**(405)**	130
Tax assets/(liabilities)	**119**	239	**(22,206)**	(16,740)	**(22,087)**	(16,501)
Tax assets offset	**(119)**	(239)	**119**	239	-	-
Net tax liabilities	-	-	**(22,087)**	(16,501)	**(22,087)**	(16,501)

Company	**Assets**		**Liabilities**		**Net**	
	2022 £000	2021 £000	**2022 £000**	2021 £000	**2022 £000**	2021 £000
Accelerated capital allowances	-	-	-	-	-	-
Other timing differences	-	-	**(34)**	(109)	**(34)**	(109)
Net tax liabilities	-	-	**(34)**	(109)	**(34)**	(109)

Notes *(continued)*

17 Deferred tax assets and liabilities *(continued)*

Group	2022 £000	2021 £000
At beginning of year	**(16,501)**	(18,325)
(Charged)/credited to the profit and loss account	**(5,171)**	1,824
Recognised directly in equity	**(4)**	-
Acquisitions	**(411)**	-
At end of year	**(22,087)**	(16,501)

Company	2022 £000	2021 £000
At beginning of year	**(109)**	-
Recognised directly in equity	**75**	**(109)**
At end of year	**(34)**	**(109)**

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 £1,605,000 *(2021: £1,428,000).*

19 Capital and reserves

Share capital

In thousands of shares	Ordinary shares 2022
On issue at 1 April 2021 and 31 March 2022	**150**

	2022 £000	2021 £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:

	2022 £000	2021 £000
Assets measured at amortised cost	**49,169**	48,600
Liabilities measured at amortised cost	**(161,783)**	(129,426)

Notes *(continued)*

21 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Group	
	2022	2021
	£000	£000
Less than one year	**2,095**	2,726
Between one and five years	**4,516**	5,357
More than five years	**995**	596
	7,606	8,679

During the year £5,811,000 was recognised as an expense in the profit and loss account in respect of operating leases *(2021: £5,855,000)*.

22 Commitments

Capital commitments

The Group is committed to two capital projects at the year end. The first being a new depot being built in Norwich for a contracted cost of £2.8m. The second being the fit out of the new Head Office for a contracted cost of £2.2m.

23 Acquisitions

During the year, the following acquisitions were completed:

(i) On 31st March 2021 at 11.59pm, the Company acquired the entire share capital of CAMS Hire Limited for a cash consideration of £1,273,801. The name of the company has subsequently been changed to 4Hire (Guernsey) Limited. 4Hire (Guernsey) Limited is a plant hire business. Due to the timing of the transaction, this business wasn’t included in the consolidation until this year’s financial statements.

(ii) On 31st March 2022, the Company acquired the entire share capital of Bavanar Limited for a cash consideration of £2,031,250. Bavanar Limited is a property company and holds a property that GAP Group Ltd trades from.

The following table sets out the fair value of the identifiable assets and liabilities acquired by the Company.

	Book value	**Adjustments**	**Fair value**
	£000	**£000**	**£000**
Property, Plant & Equipment	2,478	317	2,795
Trade & other receivables	130	-	130
Trade & other payables	(109)	-	(109)
Deferred tax	(411)	-	(411)
	2,088	317	2,405
Consideration			
- Cash paid			3,305
Goodwill			900

The goodwill arising can be attributed to the key management personnel and workforce of the acquired businesses as well as the opportunities from the additional product range that the acquisitions bring to the Company and the surety

Notes *(continued)*

23 Acquisitions *(continued)*

of owning a property that we trade from. The useful life of the goodwill is 5 years and will be written off accordingly in this timeframe. None of the goodwill is expected to be deductible for income tax purposes.

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**	
	2022	2021	**2022**	2021
	£000	£000	**£000**	£000
GAP Vehicle Hire	**138**	138	**(7,454)**	(6,430)
	138	138	**(7,454)**	(6,430)

	Receivables outstanding		**Creditors outstanding**	
	2022	2021	**2022**	2021
	£000	£000	**£000**	£000
GAP Vehicle Hire – Loan	**2,500**	2,500	-	-
GAP Vehicle Hire – Trade Balance	**117**	213	**(267)**	(159)
	2,617	2,713	**(267)**	(159)

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.

25 Net debt reconciliation

	1 April 2021	**Cash flows**	**31 March 2022**
	£000	**£000**	**£000**
Cash and bank at hand (note 14)	767	(2,074)	(1,307)
ABL revolving credit facility (note 14 & 15)	(90,840)	(21,605)	(112,445)
Related party balances (note 13 & 14)	2,554	(204)	2,350
	(87,519)	(23,883)	(111,402)

Notes *(continued)*

26 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 2022, the carrying value of hire equipment was £209.7m *(2021: £173.5m)* representing 71% *(2021: 70.0%)* 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.

27 Prior year reclassification

In the previous year, a balance of £7,265,000 existed between GAP Holdings Limited and subsidiary companies. In the balance sheet, this was previously shown as a creditor falling due after more than one year. However, the balance was not subject to a formal loan agreement and therefore, is repayable on demand. The comparatives have been restated to reclassify this balance.

This has the following effect:

Company	As previously reported £000	Adjustment £000	As restated £000
Creditors: amounts falling due within one year	(36)	(7,265)	(7,301)
Creditors: amounts falling due after more than one year	(7,265)	7,265	-
Net current assets/(liabilities)	769	(7,265)	(6,496)

The above does not impact the comparative consolidated position or performance.

28 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.