

GAP Holdings Limited

Annual report and consolidated
financial statements

Registered number SC143099

31 March 2016

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Chairman's Statement

The year to 31st March 2016 has again seen a steady economic environment with the continuation of historically very low inflation and unemployment rates. However the flip-side of this has been the complete absence of any inflationary pressures, resulting in an intensely competitive pricing environment. The main economic uncertainty in the current year has been the EU Referendum. At the time of writing the UK has just voted to leave the EU. It is impossible to know the detailed implications at this stage. However the UK is a highly developed, business friendly country with long standing global trading relationships and we are confident of the long term outlook. We are also confident of the future outlook for infrastructure related service businesses such as ours.

At GAP we have continued to be a beneficiary of this economic environment particularly with our strategic focus on the sub-sectors of utilities and infrastructure related projects.

We have also continued to benefit from our strategic decision over the last five years to diversify from a more narrowly focused "Plant and Tools" business to a genuine provider of "Hire Solutions" to our customers, with the creation in turn of divisions in Non-Mechanical, Lifting, Survey & Safety, Event Services, Welfare Services and this year the creation of our London based Tools & Access business.

This year has seen another record year for GAP in terms of turnover with growth of 10% to £157.7m. Over the last five year period our turnover has more than doubled in what has been a low inflationary environment.

However pre-tax profits declined to a still extremely healthy £15.8m from the previous year's record figure of £18.6m. The profits for this year are still virtually double what they were as recently as three years ago.

The decline in profits was primarily a consequence of increasing pricing pressure and our continued strong expansion and investment. For example our Capex for hire was at a record £75m, we opened 23 new autonomous operating locations and had an increase of over 10% in our number of employees to now in excess of 1,500. The year 2015/16 includes start-up losses in our new London Tools & Access Division and the final settlement charge of £0.4m with the closure of our final salary pension scheme, leaving no further liability to the Group.

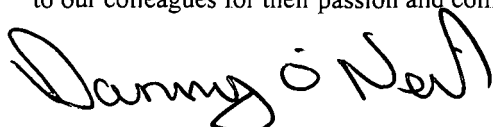
I would also highlight our record level of EBITDA at £61.8m which as a proportion of turnover stands great comparison when benchmarked with our competitors. Shareholders' Funds also ended the year at an all-time high of £77.9m.

With increasing employee numbers and growth set to continue it is imperative that we continue to train and develop our team to continue to deliver the "GAP CODE" values of Communication, One Team, Dedication and Efficiency. We have delivered record levels of specific and focused training and development across the business including a Leadership Development Programme for our Senior Management Team, consistent with the scale and complexity of GAP now and that planned in the future.

Last year I highlighted our new five year Asset Backed Lending Facility of £220m. This has worked extremely well for us in practice and gives us great confidence for the funding of our ambitious growth plans.

Although the environment will remain competitive we are confident of further growth and improvement in our financial performance. In the year just completed a record 25% of our turnover came from our divisions launched in the last five years and we expect this proportion to increase further in future, consistent with our "Hire Solutions" proposition.

On behalf of the Board it again gives me great pleasure to thank all our customers and suppliers for their support and to our colleagues for their passion and commitment to the GAP CODE.



Danny O'Neil
Chairman

1 July 2016

Strategic Report

The directors submit their report and financial statements for the year ended 31 March 2016.

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

GAP's core values of safety, health and wellbeing continue to be the cornerstone of who we are and what we stand for. GAP has never changed its commitment to these values.

During 2015/16, GAP continuously improved its workplace safe systems of work. We made consistent, measurable progress in implementing these initiatives throughout our UK depot network in order to improve our capability of providing customers with best in class hire solutions incorporating the highest safety standards. GAP continued to expand and develop its existing highly skilled and professionally qualified Safety, Health and Environment (SHE) advisors and compliance teams to ensure business demands are met and the highest capability standards are maintained.

GAP adheres to the highest standards for the safe conduct of its activities and the protection of our environment, our employees, our customers and the people of the communities in which we operate. GAP manages security and environmental stewardship as it does safety. GAP continues to develop and adapt its risk culture – which is an integral part of our control framework - in order to make itself more resilient and consistently deliver on the increasing and complex expectations of our customers. GAP's risk framework, as demonstrated by our internal combined SHE and Asset Management auditing regime, provides staff and customers alike with complete reassurance and satisfaction in terms of our commitment to safety, quality and good governance.

Clear policies and procedures are in place detailing the controls required to manage health, safety, the environment and product safety risks across the business and comply with all applicable regulations. These cover the end-to-end operation, from the auditing and vetting of contractors, to the health and safety processes in place across our entire UK depot network and our head office, to the controls in place to ensure people and product safety and integrity.

GAP continues to experience a significant decrease in the number of accidents resulting in harm which is a positive reflection on the behaviours and attitudes of all our employees. We are again pleased to report that the accident frequency rate and accident severity continue to reduce.

Amongst its many accreditations, GAP holds the trio of internationally recognised certifications: ISO 9001 (Quality Management); ISO 14001 (Environmental Management) and, OHSAS 18001 (Safety Management). These systems have been successfully integrated within all GAP's procedures and processes and have helped increase efficiency, improve quality and provide assurance that GAP can perform business functions safely whilst delivering excellent environmental stewardship.

Strategic Report *(continued)*

Human Resources

As GAP continues to grow and diversify its business throughout the UK, it is vital that we recruit, retain and develop the most talented people and our Mission Statement reflects this commitment.

To support our mission, during 2015 we strengthened our in-house recruitment team which now includes 5 experienced recruitment professionals, one of whom is entirely dedicated to social media research and resourcing, in order to build our talent pipeline and engage with potential future talent.

Employee retention is crucial to our future success and during 2015 we launched our first ever Employee Engagement Survey. The objective of the survey was to measure the opinion of our employees across a range of key areas to ensure we are monitoring our performance as an employer and, more importantly, to highlight any areas for improvement. To ensure confidentiality the survey was carried out by an independent third party.

The results of the survey were extremely positive with an employee engagement score of 70%, 6% higher than the external benchmark.

Our continued commitment to identifying and developing talent within the business is demonstrable through the increase in the number of training days which rose by 30% in 2015. A number of key training activities were carried out during the year including a Leadership Development Programme for the Senior Management Team, Recruitment and HR training for General Managers and the development of a Customer Service Programme for our team of Hire & Sales Co-ordinators which will be launched during Q2 of 2016.

Additionally we continue to embed our CODE values into the business with regular workshops for all employees led and-delivered by the Senior Management Team.

2015 also saw the launch of Employee Self Service – ‘My View’. This self-service module saves on time-consuming administration, improves accuracy of records and enables higher levels of employee engagement. Staff and managers are empowered to manage certain aspects of their HR information, process and approve leave requests and view pay slips on-line.

Phase 2 of My View will see employees managing their own professional development by accessing training courses, HR policies and job vacancies.

This commitment to providing training & development, supportive working environments and scope for progression culminated in GAP winning Family Business of the Year 2015 at the Scottish Business Awards and the People Development Award at the Glasgow Business Awards.

Systems

IT systems and infrastructure continue to be enhanced with new technologies being introduced into the business to improve internal efficiencies and enhance customer service.

Funding

The Group is funded through a five year Asset Backed Lending (‘ABL’) facility. Adequacy of facilities and compliance with relevant covenant tests is 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 2017 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.

Strategic Report *(continued)*

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:

	2016	2015	2014	2013	2012	2011
No of Locations	133	110	93	67	59	59
Turnover	£157.7m	£143.3m	£118.4m	£97.6m	£85.4m	£74.3m
No of Employees at 31 March	1,502	1,347	1,102	995	849	769
EBITDA	£61.8m	£55.5m	£43.8m	£36.5m	£32.4m	£26.2m
Pre-tax profit	£15.8m	£18.6m	£13.5m	£8.4m	£6.2m	£2.3m
Shareholder's Funds	£77.9m	£69.3m	£58.0m	£49.2m	£45.0m	£42.4m

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 £13,058,000 (2015: profit of £14,566,000), which is reviewed in the Chairman's Statement.

An interim dividend of £4,424,000 (2015: £3,121,000) was paid during the year. No final dividend is proposed.

On behalf of the board



A M Stewart
Secretary

1 July 2016

Directors' Report

The directors present their annual report, together with the audited consolidated financial statements for the year ended 31 March 2016.

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)
A M Stewart
C A G Parr (appointed 1st June 2016)

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



A M Stewart
Secretary

Carrick House
40 Carrick Street
Glasgow
G2 8DA

1 July 2016

Statement of directors' responsibilities in respect of the 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

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 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

We have audited the financial statements of GAP Holdings Limited for the year ended 31 March 2016 set out on pages 8 to 33. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities 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. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

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 2016 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept 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.

Craig Anderson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
191 West George Street, Glasgow, G2 2LJ
1 July 2016

Consolidated Profit and Loss Account
for the year ended 31 March 2016

	<i>Note</i>	2016 £000	2015 £000
Turnover	2	157,696	143,309
Cost of sales	3	(104,317)	(92,290)
		<hr/>	<hr/>
Gross profit		53,379	51,019
Administrative expenses		(35,111)	(30,388)
		<hr/>	<hr/>
Group operating profit		18,268	20,631
Interest payable and similar charges	6	(2,493)	(1,995)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		15,775	18,636
Tax on profit on ordinary activities	7	(2,717)	(4,070)
		<hr/>	<hr/>
Profit for the financial year		13,058	14,566
		<hr/> <hr/>	<hr/> <hr/>
 Other Comprehensive Income			
<i>Items that will not be reclassified to profit or loss</i>			
Re-measurement of defined benefit pension liability		(63)	(213)
Income tax on defined benefit pension liability re-measurement		13	37
		<hr/>	<hr/>
Total other comprehensive expense for the year		(50)	(176)
Profit for the year		13,058	14,566
		<hr/>	<hr/>
Total comprehensive income for the year		13,008	14,390
		<hr/> <hr/>	<hr/> <hr/>

All activities in both 2015 and 2016 are continuing.

Notes on pages 14 to 33 form part of the financial statements

Consolidated Balance Sheet
as at 31 March 2016

	<i>Note</i>	2016 £000	2016 £000	2015 £000	2015 £000
Fixed assets					
Tangible assets	8	197,601		147,928	
Investment properties	9	2,932		2,296	
			200,533		150,224
Current assets					
Stocks	11	4,054		3,275	
Debtors	12	36,910		33,661	
Cash at bank and in hand	13	319		313	
		41,283		37,249	
Creditors: amounts falling due within one year	14	(65,462)		(60,185)	
Net current liabilities			(24,179)		(22,936)
Total assets less current liabilities			176,354		127,228
Creditors: amounts falling due after more than one year	15		(93,213)		(54,943)
Provisions for liabilities					
Deferred tax liability	17	(5,293)		(2,645)	
Pension liability	18	-		(436)	
			(5,293)		(3,081)
Net assets			77,848		69,264
Capital and reserves					
Called up share capital	19		150		150
Profit and loss account			77,698		69,114
Equity shareholders' funds			77,848		69,264

The notes on pages 14 to 33 form part of the financial statements.

These financial statements were approved by the board of directors on 1 July 2016 and were signed on its behalf by:



Douglas Anderson
Director



Iain Anderson
Director

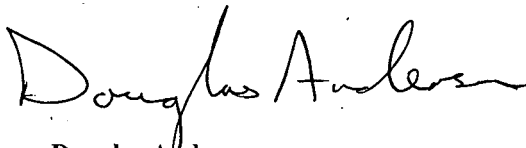
Company registered number: 143099

Company Balance Sheet
at 31 March 2016

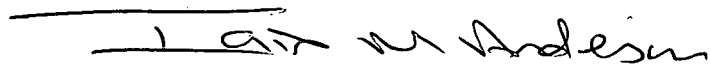
	<i>Note</i>	2016 £000	2016 £000	2015 £000	2015 £000
Fixed assets					
Investments	<i>10</i>		6,330		6,330
Current assets					
Debtors	<i>12</i>	673		673	
Cash at bank and in hand		-		-	
		<u>673</u>		<u>673</u>	
Creditors: amounts falling due within one year	<i>14</i>	-		-	
Net current assets			<u>673</u>		<u>673</u>
Total assets less current liabilities			<u>7,003</u>		<u>7,003</u>
Creditors: amounts falling due after more than one year	<i>15</i>		<u>(6,180)</u>		<u>(6,180)</u>
Net assets			<u>823</u>		<u>823</u>
Capital and reserves					
Called up share capital	<i>19</i>		150		150
Profit and loss account			673		673
Equity shareholders' funds			<u>823</u>		<u>823</u>

The noted on pages 14 to 33 form part of the financial statements.

These financial statements were approved by the board of directors on 1 July 2016 and were signed on its behalf by:



Douglas Anderson
 Director



Iain Anderson
 Director

Company registered number: 143099

Consolidated Statement of Changes in Equity

	Called up Share Capital £000	Profit & loss account £000	Total equity £000
Balance at 1 April 2014	150	57,845	57,995
Total comprehensive income for the year			
Profit	-	14,566	14,566
Other comprehensive income			
Remeasurement of pension scheme liability	-	(213)	(213)
Tax on remeasurement of pension scheme liability	-	37	37
Total comprehensive income for the year	-	14,390	14,390
Transactions with owners, recorded directly in equity			
Dividends	-	(3,121)	(3,121)
Total contributions by and distributions to owners	-	(3,121)	(3,121)
Balance at 31 March 2015	150	69,114	69,264

	Called up Share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 April 2015	150	69,114	69,264
Total comprehensive income for the year			
Profit	-	13,058	13,058
Other comprehensive income			
Remeasurement of pension scheme liability	-	(63)	(63)
Tax on remeasurement of pension scheme liability	-	13	13
Total comprehensive income for the year	-	13,008	13,008
Transactions with owners, recorded directly in equity			
Dividends paid	-	(4,424)	(4,424)
Total contributions by and distributions to owners	-	(4,424)	(4,424)
Balance at 31 March 2016	150	77,698	77,848

Company Statement of Changes in Equity

	Called up Share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 April 2014	150	673	823
Total comprehensive income for the year			
Profit		3,121	3,121
Total comprehensive income for the year	-	3,121	3,121
Transactions with owners, recorded directly in equity			
Dividends paid	-	(3,121)	(3,121)
Total contributions by and distributions to owners	-	-	-
Balance at 31 March 2015	150	673	823

	Called up Share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 April 2015	150	673	823
Total comprehensive income for the year			
Profit	-	4,474	4,474
Total comprehensive income for the year	-	4,474	4,474
Transactions with owners, recorded directly in equity			
Dividends paid	-	(4,474)	(4,474)
Total contributions by and distributions to owners	-	-	-
Balance at 31 March 2016	150	673	823

Consolidated Cash Flow Statement

for year ended 31 March 2016

	<i>Note</i>	2016 £000	2015 £000
Cash flows from operating activities			
Group operating profit		18,268	20,631
<i>Adjustments for:</i>			
Depreciation, amortisation and impairment		43,520	34,852
Gain on sale of tangible fixed assets		(6,647)	(5,466)
		55,141	50,017
Increase in trade and other debtors		(1,873)	(6,787)
Increase in stocks		(779)	(482)
Increase in trade and other creditors		4,498	3,391
Decrease in provisions and employee benefits		(488)	(341)
		1,358	(4,219)
Dividends paid		(4,424)	(3,121)
Interest paid		(2,167)	(1,802)
Interest element of finance lease rental payments		(220)	(382)
Tax paid		(1,868)	(2,050)
		47,820	38,443
Net cash from operating activities		47,820	38,443
Cash flows from investing activities			
Proceeds from sale of tangible fixed assets		15,227	10,618
Acquisition of tangible fixed assets and investment properties- (excluding purchases under finance leases)	8	(96,154)	(79,825)
		(80,927)	(69,207)
Net cash from investing activities		(80,927)	(69,207)
Cash flows from financing activities			
Capital elements of finance lease payments		(7,292)	(12,741)
Proceeds from new loan		40,417	69,500
Repayment of borrowings		-	(42,067)
Movement in related party balances		(12)	15,996
		33,113	30,688
Net cash from financing activities		33,113	30,688
Net increase/(decrease) in cash and cash equivalents		6	(76)
Cash and cash equivalents at beginning of the year		313	389
		319	313
Cash and cash equivalents at end of the year	13	319	313

Notes

(forming part of the financial statements)

1 Accounting policies

GAP Holdings Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

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*") as issued in August 2014. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

In the transition to FRS 102 from old UK GAAP, the Group has made measurement and recognition adjustments. An explanation of how the transition to FRS 102 has affected the reported financial position and financial performance of the Group is provided in note 25.

In the transition to FRS 102 from old UK GAAP, there were no measurement or recognition adjustments which affect the financial position or financial performance of the Company.

FRS 102 grants certain first-time adoption exemptions from the full requirements of FRS 102. The following exemptions have been taken in these financial statements:

- Business combinations – Business combinations that took place prior to transition date have not been restated.
- Fair value or revaluation as deemed cost – The fair value/ previous GAAP revaluation at transition date has been used as deemed cost for specific tangible fixed assets, specific investment property and specific intangible assets.
- Separate financial instruments – The carrying amount of the Company's cost of investment in subsidiaries is its deemed cost at transition date.
- Lease arrangements – In order to determine whether an arrangement contains a lease, the Group and Company have analysed facts and circumstances existing at transition date rather than commencement date of the arrangement.
- Lease incentives – For leases which commenced before 1 April 2014 the Group and Company continued to account for lease incentives under previous UK GAAP.

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. On first time adoption of FRS 102, the Group and Company has not retrospectively changed its accounting under old UK GAAP for derecognition of financial assets and liabilities before the date of transition.

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 24.

Notes (continued)

1 Accounting policies (continued)

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 is funded through a combination of a revolving ABL credit facility and hire purchase arrangements. The group's projections for the period through to June 2017 show that the Group and Company should be able to operate within the level of their facilities during that period. 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 2016. 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.

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

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	-	14% - 33%

Notes (continued)

1 Accounting policies (continued)

Investment properties

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

Subsequent to initial recognition

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

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

Stocks

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

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)

1 Accounting policies (continued)

Pension costs

Defined benefit plans

In the current year, the Group has reached a final settlement for its defined benefit plan.

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The Group determines the net interest expense (income) on the net defined benefit liability for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability taking account of changes arising as a result of contributions and benefit payments.

The discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to the terms of the Group's obligations. A valuation is performed annually by a qualified actuary using the projected unit credit method. The Company recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in profit or loss.

Remeasurement of the net defined benefit liability/asset is recognised in other comprehensive income in the period in which it occurs.

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.

	2016 £000	2015 £000
Hire of equipment and ancillary services	157,328	143,309
Investment property rentals	368	-
	<hr/>	<hr/>
	157,696	143,309
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

3 Expenses and auditor's remuneration

Included in profit are the following:

	2016 £000	2015 £000
Depreciation of tangible fixed assets		
- Owned	40,263	29,403
- finance leases	3,257	5,449
Gain on disposal of tangible fixed assets	(6,647)	(5,466)
Hire of vehicles under operating leases	393	154
Hire of plant and machinery	8,262	6,427
Rental of land and buildings under operating leases	5,162	4,125
Pension : loss/(gain) on settlement	369	(55)
	<u> </u>	<u> </u>

Auditor's remuneration:

	2016 £000	2015 £000
Audit of these financial statements	4	3

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	45	40
Audit-related assurance services	4	1
Taxation compliance services	11	9
Other tax advisory services	56	-
All other services	-	169
	<u> </u>	<u> </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	
	2016	2015
Sales, administration and operations	1,454	1,248
	<u>1,454</u>	<u>1,248</u>

The aggregate payroll costs of these persons were as follows:

	2016 £000	2015 £000
Wages and salaries	38,405	32,235
Social security costs	3,610	3,051
Contributions to defined contribution plans	634	684
Expenses/(credits) related to defined benefit plan	369	(55)
	<u>43,018</u>	<u>35,915</u>

5 Directors' remuneration

	2016 £000	2015 £000
Fees for services as directors of parent-company	-	-
Directors' emoluments in respect of services as directors of subsidiary undertakings	2,055	1,347
Company contributions to money purchase pension plans	-	-
	<u>2,055</u>	<u>1,347</u>

The aggregate remuneration of the highest paid director was £797,000 (2015: £512,000). The highest paid director was not a member of the group pension scheme.

No retirement benefits are accruing under the defined benefit scheme to any directors (2015: Nil).

6 Interest payable and similar charges

	2016 £000	2015 £000
Bank interest payable	2,271	1,596
Net interest expense on net defined benefit liabilities	2	17
Finance charges on finance leases	220	382
	<u>2,493</u>	<u>1,995</u>

Notes (continued)

7 Taxation

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

	2016 £000	2015 £000
<i>Current tax</i>		
Current tax on income for the period	420	1,616
Adjustments in respect of prior periods	(365)	200
Total current tax	55	1,816
<i>Deferred tax (see note 17)</i>		
Origination and reversal of timing differences	2,783	2,170
Adjustments in respect of prior periods	154	8
Change in tax rate	(288)	(26)
Other	-	65
Total deferred tax	2,649	2,217
Total tax	2,704	4,033

	2016			2015		
	Current tax £000	Deferred tax £000	Total tax £000	Current tax £000	Deferred tax £000	Total tax £000
Recognised in profit and loss account	55	2,662	2,717	1,816	2,254	4,070
Recognised in other comprehensive income	-	(13)	(13)	-	(37)	(37)
Recognised directly in equity	-	-	-	-	-	-
Total tax	55	2,649	2,704	1,816	2,217	4,033

Reconciliation of effective tax rate

	2016 £000	2015 £000
Profit for the year	13,058	14,566
Total tax expense	2,717	4,070
Profit before taxation	15,775	18,636
Tax using the UK corporation tax rate of 20% (2015: 21%)	3,155	3,914
Non-deductible expenses	95	135
Lower tax rate on overseas evenings	(30)	(56)
Ineligible depreciation	265	149
Other	28	-
(Over)/under provided in prior years	(211)	208
Difference in rate on deferred tax charge	(297)	(280)
Reduction in tax rate on deferred tax balances	(288)	-
Total tax expense included in profit or loss	2,717	4,070

Notes (continued)

7 Taxation (continued)

Factors affecting the future current and total tax charges

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and to 20% (effective 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. The deferred tax liability at 31 March 2016 has been calculated based on these rates.

An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. This will reduce the company's future current tax charge accordingly and reduce the deferred tax liability at 31 March 2016.

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 2015	33,748	231,570	20,418	285,736
Additions	12,491	83,027	6,255	101,773
Disposals	(783)	(36,284)	(2,758)	(39,825)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 March 2016	45,456	278,313	23,915	347,684
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation and impairment				
Balance at 1 April 2015	6,805	119,739	11,264	137,808
Depreciation charge for the year	1,297	37,853	4,370	43,520
Disposals	(47)	(28,457)	(2,741)	(31,245)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 March 2016	8,055	129,135	12,893	150,083
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
at 1 April 2015	26,943	111,831	9,154	147,928
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2016	37,401	149,178	11,022	197,601
	<hr/>	<hr/>	<hr/>	<hr/>

Land and Buildings

The net book amount of land and buildings includes £16,801,000 (2015: £11,795,000) 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 £10,447,000 (2015: £16,767,000) 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 2015	2,296
Additions	636
	<hr/>
Balance at 31 March 2016	2,932
	<hr/> <hr/>
Historical cost net book value	2,932

No item of investment property in the year was valued by an external, independent valuer. In 2015, the properties were transferred back from A&A Properties to the group and held at valuation. The directors value the portfolio every year.

Any gain or loss arising from a change 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

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	198823	Plant Hire	100%
GAP Group Leasing Limited	England	07982562	Asset Leasing	100%*
Ace Hire and Sales Limited	Isle of Man	081312C	Plant Hire	100%*
GAP Group Properties Limited	England	159415	Property Investment	100%
Gordon Anderson Plant Limited	Scotland	SC060296	Dormant	100%*

* held indirectly

Notes (continued)

11 Stocks

	Group	
	2016	2015
	£000	£000
Spares, consumable stores and goods for resale	4,054	3,275

12 Debtors

	Group		Company	
	2016	2015	2016	2015
	£000	£000	£000	£000
Due within one year:				
Trade debtors	34,484	32,293	-	-
Amounts owed by related party	3	96	-	-
Amounts owed by group undertakings	-	-	673	673
Other debtors and prepayments	1,059	1,272	-	-
Corporation Tax	1,364	-	-	-
	36,910	33,661	673	673

13 Cash and cash equivalents

	Group	
	2016	2015
	£000	£000
Cash at bank and in hand	319	313
Cash and cash equivalents per cash flow statements	319	313

14 Creditors: amounts falling due within one year

	Group		Company	
	2016	2015	2016	2015
	£000	£000	£000	£000
Trade creditors	25,386	20,382	-	-
Bank loans	19,493	16,972	-	-
Obligations under finance leases	4,322	5,629	-	-
Taxation and social security	2,434	2,354	-	-
Corporation tax	-	435	-	-
Accruals and deferred income	13,827	14,413	-	-
	65,462	60,185	-	-

Notes (continued)

15 Creditors: amounts falling after more than one year

	Group		Company	
	2016 £000	2015 £000	2016 £000	2015 £000
ABL revolving credit facility	90,424	52,528	-	-
Obligations under finance leases	3,233	2,963	-	-
Unamortised loan costs	(444)	(548)	-	-
Amounts due from group undertakings	-	-	6,180	6,180
	<u>93,213</u>	<u>54,943</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		Company	
	2016 £000	2015 £000	2016 £000	2015 £000
Creditors falling due after more than one year				
ABL revolving credit facility	90,424	52,528	-	-
Unamortised bank facility costs	(444)	(548)	-	-
Finance lease liabilities	3,233	2,963	-	-
	<u>93,213</u>	<u>54,943</u>	<u>-</u>	<u>-</u>
Creditors falling due within less than one year				
ABL revolving credit facility	19,493	16,972	-	-
Finance lease liabilities	4,322	5,629	-	-
	<u>23,815</u>	<u>22,601</u>	<u>-</u>	<u>-</u>
Analysis of debt				
	Group	2015	Company	2015
	2016	£000	2016	£000
	£000		£000	
Debt can be analysed as falling due:				
In less than one year	23,815	22,601	-	-
Between one and two years	2,561	2,339	-	-
Between two and five years	91,096	53,152	-	-
	<u>117,472</u>	<u>78,092</u>	<u>-</u>	<u>-</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 9 March 2015 the group increased the ABL revolving credit facility to £130m. The facility has a further £90m accordion available.

The facility is secured by a fixed and floating charge on the group's assets and extends to March 2020, with no prior scheduled repayment requirements.

Interest is charged at LIBOR plus 1.4%-1.6% depending on the components of the borrowing base.

Finance lease liabilities

Finance lease liabilities are payable as follows:

Group	Minimum	Minimum
	lease payments 2016 £000	lease payments 2015 £000
Less than one year	4,322	5,629
Between one and five years	2,561	2,339
More than five years	672	624
	<u>7,555</u>	<u>8,592</u>

17 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	2016 £000	2015 £000	2016 £000	2015 £000	2016 £000	2015 £000
Accelerated capital allowances	-	-	(7,977)	(3,141)	(7,977)	(3,141)
Employee benefits	56	87	-	-	56	87
Other timing differences	643	409	-	-	643	409
Losses	1,985	-	-	-	1,985	-
	<u>2,684</u>	<u>496</u>	<u>(7,977)</u>	<u>(3,141)</u>	<u>(5,293)</u>	<u>(2,645)</u>
Tax assets/(liabilities)	2,684	496	(7,977)	(3,141)	(5,293)	(2,645)
Tax assets offset	(2,684)	(496)	2,684	496	-	-
	<u>-</u>	<u>-</u>	<u>(5,293)</u>	<u>(2,645)</u>	<u>(5,293)</u>	<u>(2,645)</u>
Net tax liabilities	-	-	(5,293)	(2,645)	(5,293)	(2,645)

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 £634,000 (2015: £684,000).

Defined benefit plan

The defined benefit pension scheme was wound up during the financial year with the remaining members' benefits being bought out for £0.85m which results in there being no remaining liability.

The information disclosed below is in respect of the whole of the plan for which the Company is the sponsoring employer.

	Group	
	2016 £000	2015 £000
Plan assets	-	1,516
Defined benefit obligations	-	(1,952)
	<hr/>	<hr/>
Net pension liability	-	(436)
	<hr/> <hr/>	<hr/> <hr/>

Movements in present value of defined benefit obligation

	Group	
	2016 £000	2015 £000
At 1 April	(1,952)	(1,806)
Interest cost	(9)	(76)
Actuarial losses	-	(401)
Benefits paid	61	76
(Losses)/gains on Curtailments/Settlements	(369)	55
Liabilities extinguished on settlements	2,269	200
	<hr/>	<hr/>
At 31 March	-	(1,952)
	<hr/> <hr/>	<hr/> <hr/>

Movements in fair value of plan assets

	Group	
	2016 £000	2015 £000
At 1 April	1,516	1,259
Interest income	7	59
Actual return on scheme assets less interest income	(63)	188
Contributions by employer	870	286
Benefits paid	(61)	(76)
Assets discharged on settlements	(2,269)	(200)
	<hr/>	<hr/>
At 31 March	-	1,516
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

18 Employee benefits (continued)

Pension costs (continued)

Expense/(credit) recognised in the profit and loss account

	2016 £000	Group	2015 £000
Interest on defined benefit pension plan obligation	9		76
Expected return on defined benefit pension plan assets	(7)		(59)
Losses/(gains) on curtailments/settlements	369		(55)
	<hr/>		<hr/>
Total expense/(credit)	371		(38)
	<hr/> <hr/>		<hr/> <hr/>

The expense/(credit) is recognised in the following line items in the profit and loss account:

	2016 £000	Group	2015 £000
Cost of sales	369		(55)
Other finance charges	2		17
	<hr/>		<hr/>
	371		(38)
	<hr/> <hr/>		<hr/> <hr/>

The fair value of the plan assets and the return on those assets were as follows:

	2016 £000	Group	2015 £000
Insured pensioners	-		1,099
Cash/other	-		417
	<hr/>		<hr/>
	-		1,516
	<hr/> <hr/>		<hr/> <hr/>
Actual return on plan assets	(56)		247
	<hr/> <hr/>		<hr/> <hr/>

The expected rates of return on plan assets are determined by reference to the historical returns, without adjustment, of the portfolio as a whole and not on the sum of the returns on individual asset categories.

Principal actuarial assumptions (expressed as weighted averages) at the prior year end were as follows:

	Group and Company 2015 %
Price inflation	2.7
Discount rate	3.1
Expected rate of return on plan assets	3.1
Pension in payment increases, subject to Limited Price Indexation	3.0
	<hr/> <hr/>

The defined benefit pension scheme was wound up during the financial year with the remaining members' benefits being bought out for £0.85m which results in there being no remaining liability.

Notes (continued)

19 Capital and reserves

Share capital

In thousands of shares	Ordinary shares 2016	
On issue at 1 April 2015 and 31 March 2016		150
		<u>150</u>
	2016	2015
	£000	£000
<i>Allotted, called up and fully paid</i>		
150,000 ordinary shares of £1 each	150	150
	<u>150</u>	<u>150</u>

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:

	2016 £000	2015 £000
Assets measured at amortised cost	36,910	33,661
Liabilities measured at amortised cost	(158,675)	(115,128)
	<u>36,910</u>	<u>33,661</u>

21 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Group	
	2016 £000	2015 £000
Less than one year	2,091	1,881
Between one and five years	11,226	14,171
More than five years	-	-
	<u>13,317</u>	<u>16,052</u>

During the year £13,817,000 was recognised as an expense in the profit and loss account in respect of operating leases (2015: £10,706,000).

22 Commitments

Capital commitments

The Group had no capital commitments at the year end.

Notes (continued)

23 Related parties

Group

The group paid rent at market value and other charges to the following company and partnerships, in which DG Anderson and IM Anderson have a material interest:

	Administrative expenses recovered from		Purchases from	
	2016 £000	2015 £000	2016 £000	2015 £000
GAP Vehicle Hire	94	96	(435)	(3)
A&A Properties	-	-	-	(2,472)
	<u>94</u>	<u>96</u>	<u>(435)</u>	<u>(2,475)</u>
	<u><u>94</u></u>	<u><u>96</u></u>	<u><u>(435)</u></u>	<u><u>(2,475)</u></u>
	Receivables outstanding		Creditors outstanding	
	2016 £000	2015 £000	2016 £000	2015 £000
GAP Vehicle Hire	3	96	-	-
A&A Properties	-	-	-	-
	<u>3</u>	<u>96</u>	<u>-</u>	<u>-</u>
	<u><u>3</u></u>	<u><u>96</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

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.

24 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:

Notes (continued)

24 Accounting estimates and judgements (continued)

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 2016, the carrying value of hire equipment was £145.2m (2015: £109.3m) representing 73.5% (2015: 73.9%) of the total property, plant and equipment. Both useful economic lives and residual values are reviewed on a regular basis.

Bad debt provision

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

25 Explanation of transition to FRS 102 from old UK GAAP

As stated in note 1, these are the Group's and Company's first financial statements prepared in accordance with FRS 102.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 March 2016 and the comparative information presented in these financial statements for the year ended 31 March 2015.

Group

In preparing its FRS 102 balance sheet, the Group has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to FRS 102 has affected the Group's reported financial position and financial performance is set out in the following tables and the notes that accompany the tables.

The application of IAS19 (R) impacts the measurement of the various components of the movements in the pension liability and associated disclosures, but not the Company's total pension liability. Following the replacement of expected returns on pension scheme assets with a net finance cost in the profit and loss account, the profit for the year ended 31 March 2015 reduces and accordingly other comprehensive income increases.

The effect is to reduce the interest expense on retirement benefit obligations recognised in the profit and loss account by £15,000 in 2015 and to increase the remeasurement of the pension scheme liability recognised in the reconciliation of changes in equity by the same amount. The related deferred tax movement is £3,000 and this gives a net of tax movement of £12,000 as set out tables (ii) and (iii) below.

The only impact on the balance sheet was to separately disclose the pension liability and the related deferred tax asset on the face of the balance sheet rather than show a net position by offsetting the deferred tax asset against the pension liability. Accordingly the retirement benefit obligations increases by £87,000 (2014: £115,000) while the deferred tax liability reduces by offset by the same amounts.

There is no change to the net asset position in the balance sheet at 31 March 2014 or 31 March 2015.

Notes (continued)

25 Explanation of transition to FRS 102 from old UK GAAP (continued)

i) Reconciliation of equity

Group	Note	1 April 2014			31 March 2015		
		UK GAAP £000	Effect of transition to FRS 102 £000	FRS 102 £000	UK GAAP £000	Effect of transition to FRS 102 £000	FRS 102 £000
Fixed assets							
Tangible fixed assets		104,188	-	104,188	147,928	-	147,928
Investment properties		-	-	-	2,296	-	2,296
		<u>104,188</u>	<u>-</u>	<u>104,188</u>	<u>150,224</u>	<u>-</u>	<u>150,224</u>
Current assets							
Stocks		2,793	-	2,793	3,275	-	3,275
Debtors – amounts due within one year		26,870	-	26,870	33,661	-	33,661
Debtors – amounts due after more than one year		16,000	-	16,000	-	-	-
Cash at bank and in hand		389	-	389	313	-	313
		<u>46,052</u>	<u>-</u>	<u>46,052</u>	<u>37,249</u>	<u>-</u>	<u>37,249</u>
Creditors: amounts due within one year		<u>(45,187)</u>	<u>-</u>	<u>(45,187)</u>	<u>(60,185)</u>	<u>-</u>	<u>(60,185)</u>
Net current assets/(liabilities)		<u>865</u>	<u>-</u>	<u>865</u>	<u>(22,936)</u>	<u>-</u>	<u>(22,936)</u>
Creditors: amounts falling due after more than one year		<u>(46,083)</u>	<u>-</u>	<u>(46,083)</u>	<u>(54,943)</u>	<u>-</u>	<u>(54,943)</u>
Provisions for liabilities							
Deferred tax	a	(543)	115	(428)	(2,732)	87	(2,645)
Pension liability	a	(432)	(115)	(547)	(349)	(87)	(436)
		<u>57,995</u>	<u>-</u>	<u>57,995</u>	<u>69,264</u>	<u>-</u>	<u>69,264</u>
Net assets		<u>57,995</u>	<u>-</u>	<u>57,995</u>	<u>69,264</u>	<u>-</u>	<u>69,264</u>
Capital and reserves							
Called up share capital		150	-	150	150	-	150
Profit and loss account		57,845	-	57,845	69,114	-	69,114
		<u>57,995</u>	<u>-</u>	<u>57,995</u>	<u>69,264</u>	<u>-</u>	<u>69,264</u>
Shareholders' equity		<u>57,995</u>	<u>-</u>	<u>57,995</u>	<u>69,264</u>	<u>-</u>	<u>69,264</u>

Notes to the reconciliation of equity

a) Reclassification of deferred tax in relation to pensions

Notes (continued)

25 Explanation of transition to FRS 102 from old UK GAAP (continued)

ii) Reconciliation of Profit and Loss Account for the year to 31 March 2015

	Note	UK GAAP £000	2015 Effect of transition to FRS 102 £000	FRS 102 £000
Turnover		143,309	-	143,309
Cost of sales		(92,290)	-	(92,290)
Gross profit		51,019	-	51,019
Administrative expenses		(30,388)	-	(30,388)
Total Operating profit/[loss]		20,631	-	20,631
Other finance expenses	b	(32)	32	-
Interest payable and similar charges	b	(1,978)	(17)	(1,995)
Profit on ordinary activities before taxation		18,621	15	18,636
Taxation	c	(4,067)	(3)	(4,070)
Profit for the year		14,554	12	14,566

iii) Reconciliation of changes in equity for the year to 31 March 2015

Group	Note	UK GAAP £000	2015 Effect of transition to FRS 102 £000	FRS 102 £000
Profit for the financial year		14,554	12	14,566
Dividends to equity holders in the year		(3,121)	-	(3,121)
Remeasurement of pension scheme liability	b	(198)	(15)	(213)
Tax on remeasurement of pension scheme liability	c	34	3	37
Net movement in shareholders' funds		11,269	-	11,269
Opening shareholders' funds		57,995	-	57,995
Closing shareholders' funds		69,264	-	69,264

Notes to the reconciliation of profit and loss and changes in equity

b) Change in remeasurement of the pension liability

c) Tax impact of (b) above

Company

The transition to FRS102 has not affected the reported financial position or the financial performance of the Company since the transition date.

Notes *(continued)*

26 Ultimate parent company and parent company of larger group

The largest group in which the results of the Company are consolidated is that headed by GAP Holdings Limited, incorporated in the United Kingdom. No other group financial statements include the results of the Company. The consolidated financial statements of these groups are available to the public and may be obtained from Companies House, 4th Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF.

Group Depots - Plant & Tools Division

Scotland	Address	Tel No
Aberdeen	Spire Business Units, Muggiemoss Road, Bucksburn, Aberdeen, AB21 9NP	01224 687 006
Dundee	135 Lorne Street, Lochee, Dundee, DD2 3HE	01382 610 217
Dunfermline	11 Dickson Street, Dunfermline, KY12 7SL	01383 621 212
Leith	79 Salamander Street, Leith, Edinburgh, EH6 7JZ	0131 554 0503
Sighthill	11 Bankhead Drive, Sighthill Industrial Estate, Edinburgh, EH11 4EJ	0131 453 4531
Elgin	Moycroft Road, Elgin, Morayshire, IV30 1XZ	01343 550 279
Falkirk	24 Castle Road, Bankside Industrial Estate, Falkirk, FK2 7UY	01324 612 244
Anniesland	Unit 39 Anniesland Village Business Park, Netherton Road, Glasgow, G13 1EU	0141 954 5863
Kinning Park	119 Vermont Street, Kinning Park, Glasgow, G41 1LU	0141 429 4255
Inverness	24 Longman Drive, Longman Industrial Estate, Inverness, IV1 1SU	01463 234 371
Kilmarnock	Kilmarnock, KA2 0FE	01563 543543
Motherwell	Motherwell, ML1 1QW	01698 276 777
North East	Address	Tel No
Bradford	20 Parry Lane, Bradford, BD4 8TJ	01274 394 400
Doncaster	Doncaster Carr Ind Estate, Middlebank, Doncaster, DN4 5NG	01302 556 222
Hull	Unit 6, Venture Business Park, Witty Street, Hull, HU3 4EL	01482 580 580
Leeds	Gelderd Road, Leeds, LS12 6DL	01132 310 200
Lincoln	Exchange Road, Lincoln, LN6 3JZ	01522 885 521
Middlesbrough	Sotherby Road, Skippers Lane Industrial Estate, Middlesbrough, TS3 8BT	01642 217 000
Newcastle	Blenheim Place, Dunston Industrial Estate, Gateshead, Newcastle, NE11 9HF	0191 460 8244
Sheffield	Stevenson Road, Sheffield, S9 3XG	01142 420 000
York	Unit 1, Fryers Close, Murton Lane, Murton, York, YO19 5UY	01904 489 299
North West	Address	Tel No
Bangor	Unit 38, Llandegai Industrial Estate, Bangor, Gwynedd, North Wales, LL57 4YH	01248 364 364
Carlisle	Unit 4, Brunthill Road, Kingstown Industrial Estate, Carlisle, CA3 0EH	01228 810 810
Lancaster	Northgate, White Lund Industrial Estate, Lancaster, LA3 3AY	01524 841 901
Liverpool	8 Berry Street, Bootle, Merseyside, Liverpool, L20 8AT	0151 944 1221
Manchester	Unit 6, Beacon Road, Ashburton Park, Trafford Park, Manchester, M17 1AF	0161 877 2700
Preston	Alexander Hse, Walton Summit Road, Walton Summit, Bamber Bridge, Preston, PR5 8AQ	01772 339 715
Stoke	Peacock View, Fenton Industrial Estate, Stoke on Trent, ST4 2TE	01782 264 040
Wallasey	31 Tarran Way West, Tarran Industrial Park, Moreton, Merseyside, CH46 4TT	0151 630 1616
Whitehaven	Unit 2, Joe McBain Ave, Whitehaven Commercial Park, Whitehaven, Cumbria, CA28 8EA	01946 514 600
Midlands	Address	Tel No
Birmingham	Unit 9, Windsor Industrial Estate, Rubert Street, Nechells, Birmingham, B7 4PR	0121 359 6359
Colchester	12 Grange Way, Whitehill Industrial Estate, Colchester, CO2 8HF	01206 866 222
Coventry	6 Herald Way, Binley, Coventry, CV3 2NY	02476 650 888
Leicester	12 Pinfold Road, Thurmaston, Leicester, LE4 8AS	0116 264 4660
Northampton	64 St James Mill Road, Northampton, NN5 5JP	01604 587 999
Norwich	Norwich Livestock Market, Hall Road, Norwich, Norfolk, NR4 6DW	01603 456 055
Nottingham	Unit 19, Easter Park, Lenton Lane, Nottingham, NG7 2PX	0115 979 1915
Peterborough	Padholme Road East, Peterborough, PE1 5XL	01733 555 516
Telford	Fletcher House, Stafford Park 17, Telford, Shropshire, TF3 3DG	01952 200 202
South West	Address	Tel No
Bournemouth	33 Cobham Road, Ferndown Industrial Estate, Bournemouth, Dorset, BH21 7PF	01202 851 630
Bristol	Unit 19, Avonbridge Trading Estate, Atlantic Road, Avonmouth, Bristol, BS11 9QD	0117 982 1666
Cardiff	Unit 6, Pacific Business Park, Pacific Road, Splott, Cardiff, CF24 5HJ	02920 472 088
Exeter	Unit 10 - 12 Kestrel Business Park, Sowton Industrial Estate, Exeter, EX2 7JS	01392 361 198
Oxford	Unit 2, Stationfield Industrial Estate, Rowles Way, Kidlington, Oxford, OX5 1LA	01865 848 055
Plymouth	Estover Close, Estover Industrial Estate, Plymouth, Devon, PL6 7PL	01752 696 857
St Austell	The Old Coal Yard, Roche Road, Bugle, St Austell, Cornwall, PL26 8PP	01726 891 360
Swansea	Jubilee Court, Swansea West Industrial Park, Forestfach, Swansea, SA5 4HB	01792 587 405
Tewkesbury	Savery Place, Shannon Way, Tewkesbury Business Park, Tewkesbury, GL20 8SL	01684 276 714
South East	Address	Tel No
Croydon	Unit 3, Therapia Trading Estate, Greenland Way off Beddington Lane, Croydon, CR0 3DH	0208 394 4810
Heathrow	Unit 2, Shield Road Industrial Estate, Shield Road, Ashford, Middlesex, TW15 1BL	01784 421 020
Maidstone	GAP House, Forstal Road, Aylesford, Maidstone, Kent, ME20 7ST	01622 716 312
Portsmouth	Unit 2 North Harbour Spur, Portsmouth, PO6 3TU	02392 215 730
Reading	11 Bennet Road, Reading, RG2 0QZ	0118 921 2111
Thurrock	Unit A1, Frogmore Industrial Estate, Motherwell Way, Grays, Essex, RM20 3LB	01708 866 690
Tower Bridge	4 - 6 Backchurch Lane, London, E1 1LX	0207 481 9195
Waltham Cross	Britannia Road, Waltham Cross, Hertfordshire, EN8 7NU	01992 703 340
Watford	17 Greycaine Road, Watford, Hertfordshire, WD24 7GP	01923 223 333

Lifting Division	Address	Tel No
Dundee	135 Lorne Street, Lochee, Dundee, DD2 3HE	01382 610 221
Leith	79 Salamander Street, Leith, Edinburgh, EH6 7JZ	0131 553 0940
Falkirk	16 Castle Road, Bankside Industrial Estate, Falkirk, FK2 7UY	01324 621 212
Kinning Park	Unit 8, 43 MacLellan Street, Kinning Parkway, Glasgow, G41 1RR	0141 419 7930
Inverness	24 Longman Drive, Longman Industrial Estate, Inverness, IV1 1SU	01463 234 376
Bradford	20 Parry Lane, Bradford, BD4 8TJ	01274 390 404
Middlesbrough	Sotherby Road, Skippers Lane Industrial Estate, Middlesbrough, TS3 8BT	01642 213 111
Newcastle	Halifax Place, Dunston Industrial Estate, Gateshead, Newcastle, NE11 9JZ	0191 493 2311
Sheffield	Stevenson Road, Sheffield, S9 3XG	0114 2612320
Lancaster	Northgate, White Lund Industrial Estate, Lancaster, LA3 3AY	01524 841 222
Liverpool	8 Berry Street, Bootle, Merseyside, Liverpool, L20 8AT	0151 933 0203
Manchester	Wynne Avenue, Clifton, Manchester, M27 8FT	0161 727 0189
Warrington	Gemini Business Park, 530 Europa Boulevard, Warrington, WA5 7YE	01925 247 555
Whitehaven	Unit 2, Joe McBain Avenue, Whitehaven Commercial Park, Whitehaven, Cumbria, CA28 8EA	01946 514 600
Birmingham	Unit 3, Windsor Industrial Estate, Rupert Street, Nechells, Birmingham, B7 4PR	0121 359 6888
Northampton	64 St James Mill Road, Northampton, NN5 5JP	01604 757 600
Norwich	Unit 59, Norwich Livestock Market, Hall Road, Norwich, Norfolk, NR4 6EQ	01603 451 010
Nottingham	Unit 15, Easter Park, Lenton Lane, Nottingham, NG7 2PX	0115 942 7442
Peterborough	Unit B4 Roundhouse Close, Fengate, Peterborough, PE1 5TA	01733 882 570
Charlton	Unit 8 Lombard Trading Estate, Anchor and Hope Lane, Charlton, SE7 7SN	0208 305 0210
Croydon	Unit 3, Therapia Trading Estate, Greenland Way off Beddington Lane, Croydon, CR0 3DH	0208 394 4818
Heathrow	Unit 14, Shield Road Industrial Estate, Shield Road, Ashford, Middlesex, TW15 1BL	01784 246 216
Maidstone	Unit D, Cottage Industrial Estate, Forstal Road, Aylesford, Maidstone, Kent, ME20 7AD	01622 711 770
Portsmouth	Unit A5, Oak Park Ind. Estate, Northarbour Spur, Portsmouth, P06 3TJ	02392 221718
Waltham Cross	Britannia Road, Waltham Cross, Hertfordshire, EN8 7NU	01992 703 345
Bristol	Jubilee Way, Atlantic Road, Avonmouth, Bristol, BS11 9HU	0117 982 7788
Cardiff	Unit 6, Pacific Business Park, Pacific Road, Splott, Cardiff, CF24 5HJ	02920 662545
Oxford	Unit 16B, Stationfields Industrial Estate, Rowles Way, Kidlington, Oxford, OX5 1JD	01865 849 762
Plymouth	Estover Close, Estover Industrial Estate, Plymouth, Devon, PL6 7PL	01752 696 444
Non Mechanical Division	Address	Tel No
Dundee	114 Lorne Street, Lochee, Dundee, DD2 3HE	
Elgin	Moycroft House, Moycroft Industrial Estate, Elgin, Morayshire, IV30 1XZ	01343 557 492
Harthill	Mossburn Avenue, Harthill Industrial Estate, Shotts, ML7 5NF	01501 825 154
Bradford	20 Parry Lane, Bradford, BD4 8TJ	01274 394 600
Durham	Wear Street, Spennymoor, Durham, DL16 6DE	07976 629 387
Lincoln	Exchange Road, Lincoln, LN6 3JZ	01283 731 490
Manchester	Wynne Avenue, Clifton, Manchester, M27 8FT	0161 727 8728
Derby	William Nadin Way, Swadlincote, Derbyshire, DE11 0BB	01283 731 490
Croydon	Unit 3, Therapia Trading Estate, Greenland Way off Beddington Lane, Croydon, CR0 3DH	0208 394 4815
Watford	17 Greycaine Road, Watford, Hertfordshire, WD24 7GP	01992 703 346
Newmarket	Risby Business Park, Newmarket Road, Risby, IP28 6RD	07872 822 365
Bournemouth	33 Cobham Road, Ferndown Industrial Estate, Bournemouth, Dorset, BH21 7PF	01202 892 886
Bristol	Rockingham Park, Smoke Lane, Bristol, BS11 0YA	0117 916 2560
Plymouth	Langage Business Park, Beechwood Way, Plymouth, Devon, PL7 5HH	07841 272 530
Survey Division	Address	Tel No
Falkirk	16 Castle Road, Bankside Industrial Estate, Falkirk, FK2 7UY	01324 621 226
Inverness	24 Longman Drive, Longman Industrial Estate, Inverness, IV1 1SU	01463 234 376
Leeds	Gelderd Road, Leeds, LS12 6DL	0113 231 0222
Newcastle	Halifax Place, Dunston Industrial Estate, Gateshead, Newcastle, NE11 9JZ	0191 460 8260
Manchester	Unit 6, Beacon Road, Ashburton Park, Trafford Park, Manchester, M17 1AF	0161 877 2710
Birmingham	Unit 3, Windsor Industrial Estate, Rubert Street, Nechells, Birmingham, B7 4PR	0121 380 1350
Norwich	Unit 59, Norwich Livestock Market, Hall Road, Norwich, Norfolk, NR4 6EQ	01603 453 904
Docklands	Unit 4 & 5 Europa Park Industrial Estate, Canning Town, London, E16 4SP	332 202 2638
Heathrow	Unit 14, Shield Road Industrial Estate, Shield Road, Ashford, Middlesex, TW15 1BL	01784 246 222
Welfare Division	Address	Tel No
Dundee	114 Lorne Street, Lochee, Dundee, DD2 3HE	07866 926 374
Elgin	Moycroft House, Moycroft Industrial Estate, Elgin, Morayshire, IV30 1XZ	01343 557 494
Harthill	Mossburn Avenue, Harthill Industrial Estate, Shotts, ML7 5NF	01501 750 925
Durham	Wear Street, Spennymoor, Durham, DH16 6DE	
Lincoln	Exchange Road, Lincoln, LN6 3JZ	01522 885 521
Manchester	Wynne Avenue, Clifton, Manchester, M27 8FT	0161 727 0185

Derby	William Nadin Way, Swadlincote, Derbyshire, DE11 0BB	01283 554 260
Waltham Cross	Britannia Road, Waltham Cross, Hertfordshire, EN8 7NU	01992 700 048
Bournemouth	33 Cobham Road, Ferndown Industrial Estate, Bournemouth, Dorset, BH21 7PF	01202 896 405
Bristol	Rockingham Park Smoke Lane, Bristol, BS11 0YA	0117 916 2562
Plymouth	Langage Business Park, Beechwood Way, Plymouth, Devon, PL7 5HH	TBC
Newmarket	Risby Business Park, Newmarket Road, Risby, IP28 6RD	07970 884 229
London Tools & Access Division	Address	Tel No
Docklands – Access	Unit 4 & 5 Europa Park Industrial Estate, Canning Town, London, E16 4SP	0333 202 2638
Heathrow – Access	Unit 13, Heathrow Trading Estate, Green Lane, Heathrow, TW4 6HB	0333 202 2636
Docklands – Tools	Unit 4 & 5 Europa Park Industrial Estate, Canning Town, London, E16 4SP	0333 202 2637
Heathrow – Tools	Unit 13, Heathrow Trading Estate, Green Lane, Heathrow, TW4 6HB	0333 202 2635
Kentish Town – Tools	Unit 2, Station Works, Station Road, London, N19 5UW	0207 272 0307
Walthamstow – Tools	Unit 4E, Forrest Trading Estate, Priestly Way, Walthamstow, London, E17 6AL	0333 202 2640
Wembley – Tools	Unit 3, Wembley Trade Park, 390 North Circular Road, London, NW10 0JF	0333 202 2639
Isle of Man	Address	Tel No
ACE Hire & Sales	Unit 10 South Quay Industrial Estate, Douglas, Isle of Man, IM1 5AT	01624 616 151
Head Office	Address	Tel No
	Carrick House, 40 Carrick Street, Glasgow, G2 8DA	0141 225 4600