Registered number:
01388495

PROHIRE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

COMPANY INFORMATION

Directors	P D Hassall A P Morley J P Skelly J L Edwards
Registered number	01388495
Registered office	React House Spedding Road Fenton Industrial Estate Stoke on Trent Staffordshire ST4 2ST
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors No 1 Spinningfields 1 Hardman Square Manchester M3 3EB United Kingdom

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STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2020

The directors present their Strategic report for the Company for the year ended 31 March 2020.

Principal activities

The principal activity of the Company in the year under review was that of the sale and contract hire of commercial vehicles and the provision of fleet management services in addition to short term vehicle rental.

Business review and future developments

The dynamics within the commercial vehicle market of increased vehicle legislation & regulations across a wider range of vehicle weight categories, in addition to the introduction of new technologies and city clean air zones mean the complexity of managing high quality vehicle portfolios is increasing. Whilst the market remains challenging, our customers continue to place increasing value on the thought leadership, quality of service and expertise that Prohire Limited bring to those relationships. The business' operating profit margin % increased to 5.3% in 2020 (2019: 4.3%) as we align our service offering with these market dynamics and generate overhead synergies.

Turnover of £34,929k in the year (2019: £31,399k) represents a significant increase of 11.2% year on year whilst net assets at the year end were £9,969k (2019: £8,984k).

We continue to invest in and adapt our fleet profile to market conditions and customer requirements which resulted in increases in vehicle utilisation levels. In addition, customer account management focus and choice of vehicles on fleet aided cost control and forward visibility.

Disposal of end of life assets maintained a healthy surplus over residuals in line with typical performance throughout recent years. Against used vehicle sales proceeds of £4.4m (2019: £4.1m) profits of £558k (2019: £412k) were realised and exemplify Prohire Limited's expertise in and approach to setting future vehicle residual values.

The overhead base has seen improvement in the year as management focus in on and realise synergy opportunities.

Operating profits increased in the year by £517k to £1,881k (2019: £1,364k), noting the full year impact of the acquisition of Sun Organisation Limited and reductions in key overhead categories.

Key performance indicators
The directors consider the key performance indicators of the business to include the following:

- Turnover;
- Operating profit;
- Gross profits;
- Costs per unit;
- Revenue per unit;
- Asset utilisation;
- Health & Safety statistics;
- Employee headcount, turnover and absence;
- Service levels with customers; and
- Service levels with suppliers.

Financial performance measures are compared to plan and prior year on a regular basis.

Principal risks and uncertainties
The Company's operational risks include maintenance, health and safety and liquidity risks.

Prohire Limited invests in the policies, procedures and people to ensure its customers' vehicles are maintained to the highest standards. This control is reflected in the fact that Prohire Limited consistently achieves a very high rate of MOT first time passes. The management of health and safety risk includes a focused health and safety team who meet regularly, risk assessments and operational standard procedures.

The Company's key commercial risks include unprofitable contracts, bad debt and asset utilisation. These risks are mitigated by strong internal controls. Potential new business undergoes a comprehensive profit review with senior management input, whilst credit assessment is independently verified. The quality of existing credit continues to be monitored closely.

Financial risk management
The Company uses various financial instruments these include cash, operating and finance leases and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Company's operations.

The existence of these financial instruments exposes the Company to a number of financial risks, which are described in more detail below.

The main risks arising from the Company's financial instruments are liquidity risk, interest rate risk and credit risk.

The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

Liquidity risk
The Company finances its operations through retained profits, overdrafts and operating and finance lease arrangements.

The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Interest rate risk
Interest bearing assets comprise cash and bank deposits, all of which earn interest at market rates. The interest rate on finance leases is fixed and therefore any changes in interest rates would not have a significant impact on cash flows. The directors monitor the overall level of borrowings and interest costs to limit any adverse effects on the financial performance of the Company.

Credit risk
The Company's principal financial assets are cash and trade debtors. The credit risk associated with the cash is limited as the counterparties have high credit ratings assigned by international credit–rating agencies. The principal credit risk arises therefore from its trade debtors. In order to manage credit risk the directors set limits for customers based on a combination of payment history and third-party credit references. Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history.

Price risk
Competitive pressures within the industry is a continuing risk for the Company which could result in losing sales to competitors. The Company manages the risk by maintaining strong relationships with customers and being an industry leader.

Company's policy on payment of creditors
The Company's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction and to ensure that suppliers are made aware of the terms of payment and abide by the terms of payment.

Future Developments
March 2020 saw the onset of the lockdown of the UK market due to the Covid-19 pandemic. The lockdown had the potential to significantly impact the business through reduced cash collections and decreased market demand for Prohire's short term rental fleet and accident management services. In order to mitigate these risks management took a number of actions including:

- Introduction of staff safeguarding protocols including remote working and social distancing working practices.
- Agreement of PAYE/NI/VAT payment deferrals with HMRC.
- Targeted market segment sales approach to improve yield on short term rental fleet.
- Agreement of payment holidays with our bank and asset funding partners.
- Utilisation of the Government's furlough scheme for certain employees

As a direct result of these decisions, the business navigated the lockdown period with minimal operational disruption which in turn enhanced our customer relationships as we supported them through the challenges of the lockdown. Our liquidity position remained robust throughout the lockdown and, having undertaken a number of downside scenario projections, the outlook remains favourable moving forward.

The directors remain pleased with the actions taken by the business during the year and especially in our team's response to the challenges imposed by the Covid-19 pandemic. The business has continued to adapt the range of services to market conditions and customer demands. The development of our service offering and IT platforms in the coming year will continue in order to support the pursuit of customer service excellence through fleet compliance orientated MI and products.

The Company has a wide customer base, all of whom will be subject to current economic trends. Prohire Limited continues to review the actual and potential impact and adjust its operations to the findings of these reviews. Prohire Limited is committed to continuing to maintain and develop its range of products and services and we are well placed to assist its customers in dealing with the changing technological landscape and macroeconomic factors such as Brexit by offering long and short lease-terms to assist in managing dynamic changes in demand for transportation solutions.

This report was approved by the board and signed on its behalf.

J Lewis

J L Edwards
Director

Date: 9/10/20

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2020

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

Principal activities

The principal activity of the Company in the year under review was that of the sale and contract hire of commercial vehicles and the provision of fleet management services.

Results and dividends

The profit for the year, after taxation, amounted to £984,419 *(2019: £770,644)*.

No dividends were declared or paid in the year (2019: £6,600,000). The directors do not recommend the payment of a dividend for the year.

Directors

The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

P D Hassall
A P Morley
J P Skelly (appointed 14 October 2019)
J L Edwards (appointed 12 July 2019)
D B Barlow (resigned 14 October 2019)

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Matters covered in the strategic report

For a review of the business and future developments, as well as details of financial risk management objectives and policies please refer to the strategic report on pages 3 to 5.

Post balance sheet events

There are no post balance sheet date events that require disclosure.

Qualifying third party indemnity provisions

The Company maintains Directors' and Officers' liability insurance cover. In addition, through the financial year and at the date of this report, qualifying third party indemnity provisions within the meaning of Sections 234 of the Companies Act were in place for all of the directors.

Going concern

The Board of the Company is content that the internal controls over liquidity cope sufficiently. The Board considers that the Company's net cash flows from operating activities enable it to comfortably manage its liabilities for 18 months from the date of signature of these financial statements.

Having operated the Company under a business model consistent with previous years, the Board is content that the internal controls over liquidity cope sufficiently. The Board considers that the Company's net cash flows from operating activities enable it to comfortably manage its liabilities for 18 months from the date of signature of these financial statements.

In March 2020 the Covid-19 pandemic brought about a lockdown of the UK economy. In preparation for this, management reviewed potential exposures to the Company's balance sheet such as the ability of our customer base to continue making payments as they fall due. As a result of this review, management undertook a number of precautionary mitigating actions including agreement of payment deferrals with HMRC and asset funders and furloughing of employees. These actions ensured that the business was able to navigate the lockdown period in a robust and successful way and we enter the new financial year in a strong liquidity position and with enhanced customer relationships as a consequence.

In order to satisfy themselves that the Company has adequate resources for the future, management has undertaken a rigorous assessment of going concern and liquidity including financial forecasts that reflect severe but plausible downsides. After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for 18 months from the date of signature of these financial statements. Accordingly, the Company continues to adopt the going concern basis in preparing the financial statements.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent Auditors

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

This report was approved by the board and signed on its behalf.

J L Edwards
Director

Date: 9/10/20

Independent auditors' report to the members of Prohire Limited

Report on the audit of the financial statements

Opinion

In our opinion, Prohire Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 March 2020; the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Independent auditors' report to the members of Prohire Limited (continued)

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Jonathan Studholme

Jonathan Studholme (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
9 October 2020

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 £	*2019* *£*
Turnover	4	34,929,333	*31,399,032*
Cost of sales		(29,545,513)	*(26,549,569)*
Gross profit		**5,383,820**	**4,849,463**
Administrative expenses		(3,891,754)	*(3,902,081)*
Other operating income	5	389,423	*416,986*
Operating profit	6	**1,881,489**	**1,364,368**
Interest receivable and similar income		3,845	*7,468*
Interest payable and similar expenses	10	(619,799)	*(618,693)*
Profit before tax		**1,265,535**	**753,143**
Tax on profit	11	(281,116)	*17,501*
Profit for the financial year		**984,419**	**770,644**

The notes on pages 14 to 32 form part of these financial statements.

All results presented are from continuing operations.

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

	Note		2020 £		*Restated* 2019* £
Fixed assets					
Intangible assets	12		**566,666**		*646,671*
Tangible assets	13		**17,399,514**		*15,264,036*
Deferred tax	21		**-**		*23,685*
			17,966,180		*15,934,392*
Current assets					
Stocks	14	**37,854**		*20,779*	
Debtors: amounts falling due after more than one year	15	**517,509**		*325,905*	
Debtors: amounts falling due within one year	15	**16,895,226**		*16,625,282*	
Cash at bank and in hand	16	**1,457,821**		*635,704*	
		18,908,410		*17,607,670*	
Creditors: amounts falling due within one year	17	**(14,239,543)**		*(13,396,849)*	
Net current assets			**4,668,867**		*4,210,821*
Total assets less current liabilities			**22,635,047**		*20,145,213*
Creditors: amounts falling due after more than one year	18	**(12,663,596)**			*(11,160,724)*
Provisions for liabilities					
Deferred tax	21	**(2,543)**		*-*	
			(2,543)		*-*
Net assets			**9,968,908**		*8,984,489*
Capital and reserves					
Called up share capital	22		**50,000**		*50,000*
Profit and loss account	23		**9,918,908**		*8,934,489*
Total Equity			**9,968,908**		*8,984,489*

All amounts relate to continuing operations.

*Details of the restatement are provided in note 2.1.

The financial statements on pages 11 to 32 were approved and authorised for issue by the board and were signed on its behalf by:

J L Edwards
Director

Date: 9 /10 / 20

The notes on pages 14 to 32 form part of these financial statements.

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

	Called up share capital £	Profit and loss account £	Total equity £
At 1 April 2018	50,000	14,763,845	14,813,845
Comprehensive income for the year			
Profit for the financial year	-	770,644	770,644
Total comprehensive income for the year	-	770,644	770,644
Transactions with owners			
Dividends (note 30)	-	(6,600,000)	(6,600,000)
Total transactions with owners	-	(6,600,000)	(6,600,000)
At 31 March 2019	**50,000**	**8,934,489**	**8,984,489**
Comprehensive income for the year			
Profit for the financial year	-	984,419	984,419
Total comprehensive income for the year	**-**	**984,419**	**984,419**
At 31 March 2020	**50,000**	**9,918,908**	**9,968,908**

The notes on pages 14 to 32 form part of these financial statements.

1. General information

Prohire Limited is a private company limited by shares and incorporated in the United Kingdom and registered in England and Wales. Its registered office is React House, Spedding Road, Fenton Industrial Estate, Stoke on Trent, Staffordshire, ST4 2ST. The Company's principal activities are the sale and contract hire of commercial vehicles and the provision of fleet management services. The financial statements are presented in sterling (£).

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3). The Company has elected to early adopt the provisions of amendments to FRS 102 as issued by the Financial Reporting Council in December 2017.

During the year it was identified that the allocation of obligations due under finance lease and hire purchase contracts between amounts falling due within one year and amounts falling due after more than one year at 31 March 2019 was reported incorrectly in the prior year financial statements. The 2019 figures have therefore been restated to report the correct values resulting in a decrease in amounts falling due within one year of £3,506,685 and a corresponding increase in amounts falling due after more than one year (see notes 17 and 18).

During the year it was identified that the values reported within the financial liabilities section of the financial instruments disclosure note at 31 March 2019 in the prior year financial statements incorrectly included certain deferred income items. The 2019 figures have therefore been restated to report the correct values resulting in a reduction of £1,192,187 to the financial liabilities total reported for 31 March 2019. The corresponding maturity analysis has been restated accordingly (see note 20).

The following principal accounting policies have been consistently applied to all the years presented, unless otherwise stated:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Project Georgia Topco Limited as at 31 March 2020 and these financial statements may be obtained from Project Georgia Topco Limited, React House, Spedding Road, Fenton Industrial Estate, Stoke on Trent, Staffordshire, ST4 2ST.

2. Accounting policies (continued)

2.3 Going concern

The Board of the Company is content that the internal controls over liquidity cope sufficiently. The Board considers that the Company's net cash flows from operating activities enable it to comfortably manage its liabilities for 18 months from the date of signature of these financial statements.

In March 2020 the Covid-19 pandemic brought about a lockdown of the UK economy. In preparation for this, management reviewed potential exposures to the Company's balance sheet such as the ability of our customer base to continue making payments as they fall due. As a result of this review, management undertook a number of precautionary mitigating actions including agreement of payment deferrals with HMRC and asset funders and furloughing of employees.

These actions ensured that the business was able to navigate the lockdown period in a robust and successful way and we enter the new financial year in a strong liquidity position and with enhanced customer relationships as a consequence.

In order to satisfy themselves that the Company has adequate resources for the future, management has undertaken a rigorous assessment of going concern and liquidity including financial forecasts that reflect severe but plausible downsides. After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for 18 months from the date of signature of these financial statements. Accordingly, the Company continues to adopt the going concern basis in preparing the financial statements.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from contract hire and maintenance contracts is recognised on a straight line basis over the contractual term.

Revenue from damage and other recharges is recognised when the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.5 Other operating income

Other income represents rebate income from vehicle suppliers and is recognised in the statement of comprehensive income on a systematic basis over the life of the vehicle.

2. Accounting policies (continued)

2.6 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of comprehensive income over its useful economic life of 10 years.

2.7 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Long-term leasehold property	- Over the life of the lease
Plant and machinery	- Between 10% and 33% per annum
Motor vehicles	- Over the period of the lease
Fixtures and fittings	- Between 10% and 33% per annum
Vehicles for hire	- Over the period of the lease

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

2.8 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term. Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.9 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2. Accounting policies (continued)

2.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.12 Financial instruments

The Company applies section 11 and 12 of FRS 102 in respect of recognition and measurement of financial instruments.

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2. Accounting policies (continued)

2.13 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.14 Interest payable and similar expenses

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.15 Leased assets: Lessee

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to profit or loss over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

2.16 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

2.17 Maintenance provisions

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties (see note 3).

When payments are eventually made, they are charged to the provision carried in the Statement of financial position, which is included as part of accruals.

2. Accounting policies (continued)

2.18 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates.

Accounting estimates
The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are addressed below:

Trade debtors
Trade debtors consist of amounts due from customers. An allowance for doubtful debts is maintained for estimated losses resulting from the inability of the Company's customers to make required payments. The allowance is based on the Company's regular assessment of the credit worthiness and financial conditions of customers.

Maintenance provision
A provision is raised by the Company for costs relating to repairs and maintenance contracts. This requires judgement as to the level of expenditure required and the period over which to calculate the maintenance accrual. Management assess this with reference to past experience and knowledge of the current status of contracts.

Fixed assets and residual value
Management reviews its estimates of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets and reviews its estimate of the residual value of depreciable assets at each reporting date, based on the value that could be achieved at sale. Uncertainties in this estimate relates to varying assets, changes in scrap value and market demands and usage whilst on hire.

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

4. Turnover

An analysis of turnover by class of business is as follows:

	2020 £	2019 £
Contract hire, fleet management and rentals and other	30,547,748	27,254,055
Vehicle sales	4,381,585	4,144,977
	34,929,333	31,399,032

All turnover arose within the United Kingdom.

5. Other operating income

	2020 £	2019 £
Rebate income	389,423	416,986

6. Operating profit

The operating profit is stated after charging/(crediting)

	2020 £	2019 £
Depreciation of tangible fixed assets owned by the Company	161,553	149,464
Depreciation of tangible fixed assets held under finance leases	5,158,194	3,818,262
Amortisation of intangible assets, including goodwill	80,005	80,000
Profit on sale of tangible fixed assets	(165,645)	(46,356)
Impairment of trade receivables	24,652	111,827
Impairment of inventory (included in cost of sales)	2,200	297
Inventory recognised as an expense	59,867	208,689
Other operating lease rentals	10,683,961	10,144,255

7. Auditors' remuneration

	2020 £	2019 £
Fees payable to the Company's auditors and their associates for the audit of the Company's annual financial statements	39,000	72,639
Non-audit services		
Tax compliance	-	17,500
Tax advisory	-	13,000
Total non-audit services fees	-	30,500

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2020 £	2019 £
Wages and salaries	1,894,630	2,494,584
Social security costs	181,417	259,628
Other pension costs	34,413	24,292
	2,110,460	2,778,504

The average monthly number of employees, including the directors, during the year was as follows:

	2020 No.	2019 No.
Direct staff	56	57
Management staff	7	6
	63	63

9. Directors' remuneration

	2020	2019
	£	£
Aggregate Directors' emoluments	-	516,871
Aggregate Company contributions to defined contribution pension schemes	-	329

No remuneration was paid to the directors during the current year in respect of services to the Company (*2019: £517,200*). Director's remuneration for the year was borne by a fellow group Company.

During the year retirement benefits were accruing to no directors *(2019: 4)* in respect of defined contribution pension schemes.

The highest paid director received remuneration of £nil *(2019:* 429,824*)*.

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £nil *(2019:* £329*)*.

10. Interest payable and similar expenses

	2020	*2019*
	£	*£*
Finance leases and hire purchase contracts	**619,799**	*618,693*
	619,799	*618,693*

11. Tax on profit

	2020 £	*2019 £*
Corporation tax		
Current tax on profits for the year	151,974	*74,072*
Adjustments in respect of previous periods	102,914	*25,266*
Total current tax	**254,888**	99,338
Deferred tax		
Origination and reversal of timing differences	6,987	*(128,280)*
Changes to tax rates	(467)	*13,502*
Adjustments in respect of previous periods	19,708	*(2,061)*
Total deferred tax	**26,228**	*(116,839)*
Tax on profit	**281,116**	*(17,501)*

Factors affecting tax charge / (credit) for the year

The tax assessed for the year is higher than *(2019: lower than)* the standard rate of corporation tax in the UK of 19% *(2019: 19%)*. The differences are explained below:

	2020 £	*2019 £*
Profit before tax	1,265,535	*753,143*
Profit before tax multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	240,452	*143,097*
Effects of:		
Expenses not deductible for tax purposes	34,257	*22,212*
Income not taxable	-	*(40,850)*
Adjustments in respect of previous periods	122,622	*23,205*
Group relief	(115,748)	*(178,667)*
Tax rate changes	(467)	*13,502*
Total tax charge / (credit) for the year	**281,116**	*(17,501)*

11. Tax on profit (continued)

Factors that may affect future tax charges

A UK corporation rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. This will increase the Company's future current tax charge accordingly. The deferred tax liabilities and assets at 31 March 2020 has been calculated at 19% (2019: 17%).

12. Intangible assets

	Goodwill £
Cost	
At 1 April 2019 and 31 March 2020	800,005
Accumulated amortisation	
At 1 April 2019	153,334
Charge for the year	80,005
At 31 March 2020	233,339
Net book value	
At 31 March 2020	566,666
At 31 March 2019	646,671

13. Tangible assets

	Long-term leasehold property	Plant and machinery	Motor vehicles	Fixtures and fittings	Vehicles for hire	Total
	£	£	£	£	£	£
Cost						
At 1 April 2019	119,315	33,757	577,666	795,404	19,020,259	20,546,401
Additions	-	4,022	249,514	39,823	8,998,771	9,292,130
Disposals	-	-	(401,074)	-	(5,360,329)	(5,761,403)
At 31 March 2020	**119,315**	**37,779**	**426,106**	**835,227**	**22,658,701**	**24,077,128**
Accumulated depreciation						
At 1 April 2019	2,362	26,244	176,670	721,207	4,355,882	5,282,365
Charge for the year	3,543	3,416	105,125	20,841	5,186,822	5,319,747
Disposals	-	-	(188,988)	-	(3,735,510)	(3,924,498)
At 31 March 2020	**5,905**	**29,660**	**92,807**	**742,048**	**5,807,194**	**6,677,614**
Net book value						
At 31 March 2020	**113,410**	**8,119**	**333,299**	**93,179**	**16,851,507**	**17,399,514**
At 31 March 2019	*116,953*	*7,513*	*400,996*	*74,197*	*14,664,377*	*15,264,036*

The net book value of tangible fixed assets includes assets held under finance lease or hire purchase contracts of £16,745,612 (2019: £14,591,906). The depreciation charge in respect of these assets amounted to £5,158,194 (2019: £3,818,262) for the year.

14. Stocks

	2020	2019
	£	£
Finished goods and goods for resale	37,854	20,779

Inventories are stated after provisions for impairment of £4,736 (2019: £3,336).

There is no significant difference between the replacement cost of inventory and the carrying amount.

15. Debtors

	2020	2019
	£	£
Amounts falling due after more than one year		
Other debtors	517,509	325,905
	517,509	325,905

	2020	2019
	£	£
Amounts falling due within one year		
Trade debtors	2,199,878	2,432,948
Amounts owed by group undertakings	13,633,068	13,223,191
Other debtors	533,826	170,642
Prepayments and accrued income	528,454	798,501
	16,895,226	16,625,282

Trade debtors are shown net of a provision for doubtful debt of £100,477 (2019: £75,825).

Amounts owed by group undertakings are repayable on demand. No interest is charged on amounts outstanding.

Included in other debtors due within one year are amounts owed by directors totalling £57,288 (2019: £96,852), see note 27.

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16. Cash at bank and in hand

	2020	2019
	£	£
Cash at bank and in hand	1,457,821	635,704

17. Creditors: Amounts falling due within one year

	2020	Restated 2019
	£	£
Payments received on account	1,096,855	1,046,679
Trade creditors	2,782,938	3,468,595
Corporation tax	61,923	159,430
Other taxation and social security	424,670	403,278
Obligations under finance lease and hire purchase contracts	7,019,644	5,746,168
Other creditors	816,001	390,238
Accruals and deferred income	2,037,512	2,182,461
	14,239,543	13,396,849

The hire purchase and finance leases are secured against the assets to which they relate.

During the year it was identified that the allocation of obligations due under finance lease and hire purchase contracts between amounts falling due within one year and amounts falling due after more than one year at 31 March 2019 was reported incorrectly in the prior year financial statements. The 2019 figures have therefore been restated to report the correct values resulting in a decrease in amounts falling due within one year of £3,506,685 and a corresponding increase in amounts falling due after more than one year (see note 18).

18. Creditors: Amounts falling due after more than one year

	2020	Restated 2019
	£	£
Net obligations under finance leases and hire purchase contracts	10,098,649	9,225,348
Other creditors	511,783	361,579
Accruals and deferred income	2,053,164	1,573,797
	12,663,596	11,160,724

Details of the restatement are provided in note 17.

19. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2020 £	*Restated* *2019* *£*
Within 1 year	**7,019,644**	*5,746,168*
Between 1-5 years	**9,762,131**	*9,170,282*
Over 5 years	**336,518**	*55,066*
	17,118,293	*14,971,516*

Details of the restatement are provided in note 17.

20. Financial instruments

	2020 £	*Restated* *2019* *£*
Financial assets		
Cash and cash equivalents	**1,457,821**	*635,704*
Financial assets that are debt instruments measured at amortised cost	**17,412,735**	*16,152,686*
	18,870,556	*16,788,390*
Financial liabilities		
Financial liabilities measured at amortised cost	**(22,790,880)**	*(20,620,217)*

Maturity of financial liabilities	2020 £	*Restated* *2019* *£*
Amounts falling due within one year	**(12,180,448)**	*(11,033,291)*
Amounts falling due 1-2 years	**(4,993,357)**	*(3,864,730)*
Amounts falling due 2-5 years	**(5,269,494)**	*(5,655,008)*
Amounts falling due in more than 5 years	**(347,581)**	*(67,188)*
Financial liabilities measured at amortised cost	**(22,790,880)**	*(20,620,217)*

Cash and cash equivalents comprise cash in hand, deposits and highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, amounts owed by group undertakings and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings, other creditors, accruals and obligations under finance lease and hire purchase contracts.

Amounts falling due after more than 5 years relate mainly to hire purchase payments paid in instalments in line with contractual terms.

20. Financial instruments (continued)

During the year it was identified that the values reported within financial liabilities at 31 March 2019 in the prior year financial statements incorrectly included certain deferred income items. The 2019 figures have therefore been restated to report the correct values resulting in a reduction of £1,192,187 to the financial liabilities total reported for 31 March 2019. The corresponding maturity analysis has been restated accordingly.

21. Deferred tax

	2020	2019
	£	£
At beginning of year	23,685	(93,438)
Transfer in	-	284
(Charged)/credited to profit or loss	(26,228)	116,839
At end of year	(2,543)	23,685

The provision for deferred taxation is made up as follows:

	2020	2019
	£	£
Fixed asset differences	(42,673)	16,724
Short term timing differences	40,130	6,961
	(2,543)	23,685

22. Called up share capital

	2020	2019
	£	£
Authorised, allotted, called up and fully paid		
50,000 (2019: 50,000) Ordinary share capital shares of £1 each	50,000	50,000

23. Reserves

Profit and loss account

Profit and loss account contains all prior and current retained earnings.

24. Contingent liabilities

There is a cross guarantee and an unscheduled mortgage debenture relating to the bank loan held by Prohire Group Limited between all of the group companies; Project Georgia Topco Limited, Project Georgia Bidco Limited, PGCH Limited, PG Consolidated Limited, Prohire Group Limited and Prohire Limited. At 31 March 2020 the outstanding balance on the loans was £582,308 (2019: £1,393,028).

25. Pension commitments

The Company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Company. The pension cost charge represents contributions payable by the Company to the fund. The contributions payable by the Company for the year totalled £34,413 (2019: £24,292). There were no outstanding contributions as at 31 March 2020 (2019: £nil).

26. Commitments under operating leases

At 31 March the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2020	*2019*
	£	*£*
Not later than 1 year	**8,440,610**	*7,059,037*
Later than 1 year and not later than 5 years	**17,469,359**	*11,357,033*
Later than 5 years	**1,342,299**	*552,966*
	27,252,268	*18,969,036*

27. Transactions with directors

	2020 £	*2019 £*
D Barlow		
Balance outstanding at start of the year	-	*1,303,933*
Amounts repaid	-	*(1,303,933)*
Outstanding at end of year	-	-
P R Jacques		
Balance outstanding at start of the year	-	*12,849*
Amounts repaid	-	*(12,849)*
Outstanding at end of year	-	-
P D Hassall		
Balance outstanding at start of the year	**93,212**	*24,511*
Amounts advanced	-	*86,712*
Interest	**1,926**	*6,500*
Amounts repaid	**(41,761)**	*(24,511)*
Outstanding at end of year	**53,377**	*93,212*
A P Morley		
Balance outstanding at start of the year	**3,640**	*24,511*
Amounts advanced	-	*3,386*
Interest	**271**	*254*
Amounts repaid	-	*(24,511)*
Outstanding at end of year	**3,911**	*3,640*

Amounts owed by directors are repayable on demand. Interest is charged at 8% on amounts outstanding.

The maximum balance outstanding from D Barlow during the year was £nil (2019: £1,303,933).

The maximum balance outstanding from P R Jacques during the year was £nil (2019: £12,849).

The maximum balance outstanding from P D Hassall during the year was £53,377 (2019: £93,212).

The maximum balance outstanding from A P Morley during the year was £3,911 (2019: £3,640).

28. Related party transactions

The Company has taken advantage of the exemption, under Section 33 of FRS 102 Related Party Disclosures, not to disclose related party transactions with wholly owned subsidiaries within the group.

During the year the Company made sales of £720,452 (2019: £78,571) to Abbey Logistics Group Limited, which is an entity under common ultimate ownership. At 31 March 2020, the outstanding balance owed by Abbey Logistics Group Limited was £17,634 (2019: £nil).

During the year the Company made purchases of £11,377 (2019: £32,400) from Abbey Logistics Group Limited. At 31 March 2020, the outstanding balance owed to Abbey Logistics Group Limited was £8,406 (2019: £nil).

During the year the Company made sales of £10,175 (2019: £nil) to Future Industrial Services Limited, which is an entity under common ultimate ownership. There was no outstanding balance owed by Future Industrial Services Limited at 31 March 2020 (2019: £nil).

Directors' loan account balances, as disclosed in note 27, are included within other debtors.

29. Ultimate parent undertaking and controlling party

The immediate parent undertaking is Prohire Group Limited.

The parent undertaking of the smallest and largest group in which the Company is consolidated is Project Georgia Topco Limited, a company incorporated in England. Copies of these consolidated financial statements may be obtained from Companies House.

The ultimate controlling party of Project Georgia Topco Limited is North Edge Capital LLP by virtue of majority shareholding.

30. Dividends

No dividends were paid in the year (2019: dividend of £6,600,000 paid to Prohire Group Limited).