Kelling Group Limited (formerly Skye Bidco Limited)

Annual Report and Financial Statements

Period Ended

30 September 2018

Company Number 11112713

Kelling Group Limited

Company Information

Directors	J Wood J Battersby A G P Bishop Z S Stanton
Registered number	11112713
Registered office	Unit F, Trident Park Rosie Road Normanton WF6 1ZB
Independent auditor	BDO LLP Central Square 29 Wellington Street Leeds LS1 4DL

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Group Strategic Report
For the 10 month Period Ended 30 September 2018

Introduction

The Company was incorporated on 14 December 2017.

On 12 January 2018, the group underwent a secondary management buy-out supported by Alinda Capital Partners, one of the world's largest and most experienced infrastructure investment firms. As part of this transaction funds managed by Alinda, along with Kelling's management team invested to acquire 100% of the issued share capital of Access Hire Nationwide Limited "AHN" and Welfare Hire Nationwide Limited "WHN". This transaction has provided access to capital and a platform for the Shareholders to continue to grow Kelling Group. Both AHN and WHN are recognised market leaders in their respective fields.

Business review

AHN

The group's activities include the hire of Vehicle Mounted Access Platforms and specialist vehicles to core markets including, inter alia, Power, Telecommunications, Local Authorities and leading UK utility and infrastructure-based businesses. AHN has grown to become the UK's market leader in the hire of Vehicle Mounted Access Platforms (VMAPs). The business continues to grow and win market share, remaining focused on long-term hire business in stable, attractive end markets. AHN continues to achieve healthy growth with hire revenues and EBITDA increasing by 11% and 10% respectively.

The Shareholders have invested significantly in AHN's Vehicle Mount Access fleet with the philosophy of providing a market leading fleet, supported by a knowledgeable and experienced team. Focussing on markets management understand, AHN has progressed to become the market leader in Vehicle Mount Access and is considered a specialist in its field with exceptional levels of customer service. It is a trusted and integral service partner with its customers, supporting the operations of most infrastructure businesses in the UK.

A combination of specific market focus, long-term hire and an efficient operating model all contribute to its unique scalability and financial performance. This is in contrast to what is ordinarily achieved in many traditional UK rental businesses.

WHN

WHN follows a similar strategy in applying the same commercial principles of developing a market leading, niche focussed rental business. Specialising in the supply of high quality, energy efficient mobile welfare products, along with a strong focus on customer service, the business has differentiated itself from the competition and gained considerable market share in its chosen markets.

New product lines, combined with a strengthened senior management team and depot structure have assisted with continued product roll-out and growth where hire revenues and EBITDA have increased by 28% and 25% respectively. Growth has continued to be strong into the current financial year at a similar rate where we expect to see another robust year of growth in both revenue and profitability.

GROUP

The group has continued to prosper since the investment and partnership with Alinda achieving healthy growth in both revenues and EBITDA. The directors are satisfied with the progress and performance of both businesses and remain focussed upon their strategy of delivering robust levels of organic growth and increased earnings.
The results for the 12 months to September 2017 and September 2018 (extracted from the accounting records) were as follows:

	Growth	2018 £'000	2017 £'000
Turnover	**17.4%**	**20,136**	**17,156**
EBITDA	**13.4%**	**12,335**	**10,882**

Whilst growth remains the primary focus of most businesses, the board recognise and take a very responsible view on financing and cash generation, carefully monitoring and allocating its resources in strengthening the foundation and fabric of the business. We ensure that the Group's overall debt package is prudent, well-structured and flexible which enables us to optimise the opportunities presented in our end markets. We review our financing options on a regular basis to ensure these are optimal in the interests of our Shareholders.

During the period the group relocated its headquarters into a new 52,000 square foot facility with exceptional motorway links giving ample scope for future growth.

Principal risks and uncertainties

The business mitigates exposure to cyclical markets by targeting longer-term hire business in robust, stable sectors and it takes a longer term strategic view on investment and capital expenditure plans. It maintains its fleets in excellent condition and carefully manages fleet age profiles, meanwhile focusing on new efficient technologies and products. Furthermore, as a niche provider focusing on a specialised product range, it is able to adapt swiftly to changes in market conditions and control many of the trading risks and uncertainties.

The Directors recognise that a solid capital base, healthy margins, returns on capital and cash generation are essential to our business and the Board takes a prudent, diligent and responsible approach to this subject.

The Board has not experienced any trading impact relating to Brexit.

Competition

The group continues to invest in ensuring that it maintains a market-leading fleet. AHN and WHN work closely with and support their clients' operations through a partnership approach, focusing on markets they know well. They proactively promote their businesses and ensure that they remain ahead of the competition in product quality, service and commercial awareness. Directors are fully in tune with market conditions, pursue growth and new opportunities, whilst remaining agile and being mindful of and adapting to any changing market conditions.
The strategy of investing in leading products, combined with astute commercial management and a focussed sales and marketing strategy allows the business to succeed over its competition. The business is not hindered by many of the constraints surrounding other market incumbents and, in particular, UK PLCs in the sector.

Liquidity

The Directors take a prudent approach to debt and carefully manage cash-flow and working capital requirements to ensure the business continues to gain financial strength and improve its liquidity position. There are stringent policies on trade debtor management and management carefully monitor exposure, protecting the business from potential bad debt.

Kelling Group Limited

Interest rate risk

The Board is mindful of the risk of a small increase in interest rates in the medium term and would expect rates adjusting to a natural level during the longer term. This is of course subjective from an economical prospective, however the company have signed a hedging agreement securing 3-year fixed interest rate to March 2021.
The Board take a responsible view on debt financing and ensure that gearing, leverage and interest cover remains solid.

Operational KPIs and Financial Reporting

The Board are issued with operating KPIs on a weekly basis, ensuring the Board is fully in tune with current trade.

The Board is presented with a financial forecast prior to the commencement of the trading year. The content of the forecasts is based upon a series of management assumptions and practical interpretations. Consolidated Management Accounts form part of a reporting pack produced at the end of each trading month. These are supplied with and supported by trade Management Accounts for each of the trading subsidiaries and include Profit & Loss Account, Balance Sheet, Funds flow and a full breadth of documents including operational and financial KPIs, operating cash flow and banking information.

A summary report is produced by the Company's CEO and CFO and presented to the Board with each monthly information pack.

This report was approved by the board on 26th February 2019 and signed on its behalf.

J Wood
Director

Directors' Report
For the 10 month period Ended 30 September 2018

The directors present their report and the financial statements for the period from 14 December 2017 to 30 September 2018.

The company was incorporated on 14 December 2017 as Skye Bidco Limited. The company changed its accounting reference date to 30 September to align with fellow group undertakings.

On 12 January 2018 Kelling Group Limited (formerly Skye Bidco Limited) acquired the group headed by Kelling Property Limited (formally Kelling Group Limited). These financial statements report trading from this date.

On 17 January 2019 the company changed its name to Kelling Group Limited.

Results and dividends

The loss for the period to 30 September 2018, after taxation, amounted to £4,772,625.

Dividends of £Nil were paid to ordinary shareholders during the period.

Directors

The directors who served during the period were:

M Prybutok (appointed 14 December 2017, resigned 29 January 2018)
R Tunney (appointed 14 December 2017, resigned 22 March 2018)
J Wood (appointed 12 January 2018)
J Battersby (appointed 12 January 2018)
A G P Bishop (appointed 29 January 2018)

Z S Stanton was appointed as a director on 20 November 2018.

Matters covered in the strategic report

Disclosures required under S416(4) of the Companies Act 2006 are commented upon in the Strategic Report as the directors consider them to be of strategic importance to the Company.

Disclosure of information to auditor

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 and the Group's auditor is 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 and the Group's auditor is aware of that information.

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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Directors' Report (continued)
For the 10 month period Ended 30 September 2018

This report was approved by the board on 26th February 2019 and signed on its behalf.

J Wood
Director

Kelling Group Limited

Directors' Responsibilities Statement
For the 10 month Period Ended 30 September 2018

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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 the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- 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 Group will continue in business.

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 the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report to the Members of Kelling Group Limited

Opinion

We have audited the financial statements of Kelling Group Limited ("the Parent Company") for the period ended 30 September 2018 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 September 2018 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the 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.

Other information

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

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Director's report.

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

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

Responsibilities of directors

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

In preparing the financial statements, the Directors are responsible for assessing the 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.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Mark Langford (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Leeds
United Kingdom

1 March 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Kelling Group Limited

Consolidated Statement of Comprehensive Income
For the 10 month Period Ended 30 September 2018

	Note	10 month period ended 30 September 2018 £
Turnover	4	15,507,464
Cost of sales		(8,187,462)
Gross profit		7,320,002
Administrative expenses		(5,242,106)
Operating profit	6	2,077,896
Interest payable and expenses	9	(5,849,532)
Exceptional finance costs	10	(473,617)
Loss before tax		(4,245,253)
Tax on (loss)/profit	11	(527,372)
Loss for the financial 10 month period		(4,772,625)

There was no other comprehensive income for the period. Profit for the period is attributable to the owners of the parent company.

The notes on pages 16 to 33 form part of these financial statements.

Kelling Group Limited
Registered number: 11112713

Consolidated Statement of Financial Position
As at 30 September 2018

	Note		2018 £
Fixed assets			
Intangible assets	12		**56,977,689**
Tangible assets	13		**45,442,460**
Current assets			
Stocks	15	**288,576**	
Debtors	16	**4,651,227**	
Cash at bank and in hand		**2,397,347**	
Creditors: amounts falling due within one year	17	**(4,583,439)**	
Net current assets			**2,753,711**
Total assets less current liabilities			**105,173,860**
Creditors: amounts falling due after more than one year	18		**107,509,029**
Provision for liabilities			
Deferred tax	20		**2,358,001**
Capital and reserves			
Called up share capital	21	**79,455**	
Profit and loss account	22	**(4,772,625)**	
			(4,693,170)
			105,173,860

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

26th February 2019.

J Battersby
Director

The notes on pages 16 to 33 form part of these financial statements.

Kelling Group Limited
Registered number: 11112713

Company Statement of Financial Position
As at 30 September 2018

	Note		2018 £
Fixed assets			
Investments	14		52,579,123
Current assets			
Debtors	16	52,849,168	
Cash at bank and in hand		1,247,660	
Creditors: amounts falling due within one year	17	(4,137,067)	
Net current assets			49,959,761
Total assets less current liabilities			102,538,884
Creditors: amounts falling due after more than one year	18		107,509,029
Capital and reserves			
Called up share capital	21	79,455	
(Loss)/profit for the 10 month period		(5,049,600)	
			(4,970,145)
			102,538,884

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

26th February 2019.

J Battersby
Director

The notes on pages 16 to 33 form part of these financial statements.

Kelling Group Limited

Consolidated Statement of Changes in Equity
For the 10 month period Ended 30 September 2018

	Called up share capital	Profit and loss account	Equity attributable to owners of parent Company	Total equity
	£	£	£	£
At 14 December 2017	-	-	-	-
Comprehensive income for the 10 month period				
Loss for the 10 month period	-	(4,772,625)	(4,772,625)	(4,772,625)
Total comprehensive income for the 10 month period	-	(4,772,625)	(4,772,625)	(4,772,625)
Shares issued during the 10 month period	79,455	-	79,455	79,455
Total transactions with owners	79,455	-	79,455	79,455
At 30 September 2018	79,455	(4,772,625)	(4,693,170)	(4,693,170)

Company Statement of Changes in Equity
For the 10 month period Ended 30 September 2018

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 14 December 2017	-	-	-
Comprehensive income for the period			
Loss for the 10 month period	-	(5,049,600)	(5,049,600)
Total comprehensive income for the 10 month period	-	(5,049,600)	(5,049,600)
Contributions by and distributions to owners			
Shares issued during the 10 month period	79,455	-	79,455
Total transactions with owners	79,455	-	79,455
At 30 September 2018	79,455	(5,049,600)	(4,970,145)

The notes on pages 16 to 33 form part of these financial statements.

Kelling Group Limited

Consolidated Statement of Cash Flows
For the 10 month period Ended 30 September 2018

	2018 £
Cash flows from operating activities	
(Loss)/profit for the financial 10 month period	**(4,772,625)**
Adjustments for:	
Amortisation of intangible assets	**2,998,826**
Depreciation of tangible assets	**3,791,906**
Loss on disposal of tangible assets	**33,106**
Interest paid	**6,323,149**
Taxation charge	**527,372**
Decrease in stocks	**33,739**
Increase in debtors	**(438,481)**
Decrease in creditors	**976,439**
Corporation tax paid	**(439,832)**
Net cash generated from operating activities	**9,033,599**
Cash flows from investing activities	
Purchase of tangible fixed assets	**(8,971,674)**
Sale of tangible fixed assets	**1,034,684**
Net cash from investing activities	**(7,936,990)**

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(continued)
For the 10 month period Ended 30 September 2018

	2018 £
Cash flows from financing activities	
Issue of ordinary shares	**79,455**
New secured loans	**18,703,056**
Other new loans	**37,097,094**
Interest expense	**(2,524,229)**
Net cash outflow on acquisition of subsidiary	**(52,054,638)**
Net cash generated from financing activities	**1,300,738**
Net increase in cash and cash equivalents	**2,397,347**
Cash and cash equivalents at the end of 10 month period	**2,397,347**
Cash and cash equivalents at the end of 10 month period comprise:	
Cash at bank and in hand	**2,397,347**
	2,397,347

The notes on pages 16 to 33 form part of these financial statements.

1. General information

Kelling Group Limited is a private company, limited by shares, incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the Company Information page. The nature of the Company's operations and its principal activity is outlined in the Strategic report.

2. *Accounting policies*

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies 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 Group management to exercise judgement in applying the Group accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The functional and presentational currency of these financial statements is the Pound.

Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the group and the parent company would be identical;
- No cash flow statement has been presented for the parent company;
- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained.

2. Accounting policies (continued)

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group 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.

Hire income is recognised monthly in arrears. Recharges are recognised when the costs which are to be recharged have been incurred.

2.4 Operating leases: the Group 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.

2.5 Finance costs

Finance costs are charged to the Consolidated 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.

2.6 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Consolidated 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 Group in independently administered funds.

2. Accounting policies (continued)

2.7 Current and deferred taxation

The tax expense for the 10 month period comprises current and deferred tax. Tax is recognised in the Consolidated 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 and the Group operate and generate 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.8 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 the Group's share 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 Consolidated Statement of Comprehensive Income over its useful economic life of 15 years.

2.9 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.

2. Accounting policies (continued)

2.9 Tangible fixed assets (continued)

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	- 6.6-10%
Plant and machinery	- 6.6-10%
Motor vehicles	- 14%-40%
Computer equipment	- 10-33%

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 Consolidated Statement of Comprehensive Income.

2.10 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.11 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

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.

2.12 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.

2.13 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.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.14 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. Accounting policies (continued)

2.15 Financial instruments

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.

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 Consolidated 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 Group would receive for the asset if it were to be sold at the reporting date.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

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

In preparing these financial statements, the directors have had to make the following key judgements and sources of estimation uncertainty :

- Determine whether there are indicators of impairment of the Company's fixed asset investments. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

- Determine the useful economic lives and residual values of tangible fixed assets, which have been calculated by the directors based on their experience of the industry.

4. Turnover

The whole of turnover is attributable to the Company's principal activity and arose within the United Kingdom.

5. Operating profit

The operating profit is stated after charging:

	10 month period ended 30 September 2018 £
Stock charged as an expense	-
Depreciation	3,791,906
Amortisation	2,998,826
Operating leases expense	215,250

6. Auditor's remuneration

	10 month period ended 30 September 2018 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	32,400

7. Employees

Staff costs for the Group, including directors' remuneration, were as follows:

	Group 2018 £	Company 2018 £
Wages and salaries	2,016,499	150,763
Social security costs	183,520	-
Cost of defined contribution scheme	14,409	-
	2,214,428	150,763

The average monthly number of employees, including the directors, during the 10 month period was 93.

The Company has no employees other than the directors.

8. Directors' remuneration

The Company has no employees other than directors, for which remuneration is disclosed below:

	10 month period ended 30 September 2018 £
Directors' emoluments	150,763

During the 10 month period retirement benefits were accruing to 2 directors in respect of defined contribution pension schemes.

The highest paid director received remuneration of £79,439.

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £Nil.

9. Interest payable and similar expenses

	10 month period ended 30 September 2018 £
Loan interest payable	5,739,490
Interest on SWAPs	110,042
	5,849,532

10. Exceptional finance costs

	2018 £
Hire purchase early settlement premium	473,617

11. Taxation

	10 month period ended 30 September 2018 £
Corporation tax	
Current tax on profits for the year	175,203
Origination and reversal of timing differences	352,169
Taxation on loss	527,372

Factors affecting tax charge for the 10 month period

The tax assessed for the 10 month period is higher than the standard rate of corporation tax in the UK of 19%. The differences are explained below:

	10 month period ended 30 September 2018 £
Loss before tax	(4,245,253)
Loss multiplied by standard rate of corporation tax in the UK of 19%	(806,598)
Effects of:	
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	769,812
Other differences leading to an increase (decrease) in the tax charge	564,158
Total tax charge for the 10 month period	527,372

11. *Taxation (continued)*

Factors that may affect future tax charges

Reductions in UK Corporation tax rate from 20% to 17% (19% effective from 1 April 2017 and 17% effective from 1 April 2020) have been substantively enacted. This will impact the company's future tax charge accordingly. The deferred tax asset as at 31 December 2018 has been calculated based on the rates substantively enacted at the date of the statement of financial position.

12. Intangible assets

Group

	Goodwill
	£
Cost	
At 14 December 2017	**-**
Additions	**59,976,515**
At 30 September 2018	**59,976,515**
Amortisation	
Charge for the period	**2,998,826**
At 30 September 2018	**2,998,826**
Net book value	
At 30 September 2018	**56,977,689**

The addition relates to the group reconstruction as described in note 23.

13. Tangible fixed assets

Group

	Long-term leasehold property £	Plant and machinery £	Motor vehicles £	Computer equipment £	Total £
Cost or valuation					
At 14 December 2017	-	-	-	-	-
Additions	347,597	2,688,876	5,881,292	53,909	8,971,674
Acquisition of subsidiary	368,423	15,210,847	25,637,708	105,380	41,322,358
Disposals	(39,590)	(91,512)	(2,728,757)	(58,508)	(2,918,367)
At 30 September 2018	676,430	17,808,211	28,790,243	100,781	47,375,665
Depreciation					
At 14 December 2017	-	-	-	-	-
Charge for the period	45,498	830,697	2,880,816	34,895	3,791,906
Disposals	(39,590)	(64,081)	(1,696,522)	(58,508)	(1,858,701)
At 30 September 2018	5,908	766,616	1,184,294	(23,613)	1,933,205
Net book value					
At 30 September 2018	670,522	17,041,595	27,605,949	124,394	45,442,460

The net book value of assets secured by loan facilities is £44,388,787.

14. Fixed asset investments

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Kelling Property Limited (formerly Kelling Group Limited)	Ordinary	100 %	Holding company
Kelling Midco Limited	Ordinary	100 %	Holding company
Access Hire Nationwide Limited	Ordinary	100 %	Hiring of van mounted access platforms and ancillary equipment
Welfare Hire Nationwide Limited	Ordinary	100 %	Hiring of mobile welfare facilities
Modular Hire Nationwide Limited	Ordinary	100 %	Dormant

14. Fixed asset investments (continued)

Kelling Property Limited is held directly. The other subsidiaries are held indirectly.

The registered office of the above subsidiary undertakings is Unit F, Trident Park, Rosie Road, Normanton, WF6 1ZB.

Company

	Investments in subsidiary companies £
Cost	
At 14 December 2017	-
Additions	52,579,123
At 30 September 2018	52,579,123
Net book value	
At 30 September 2018	52,579,123

15. Stocks

	Group 2018 £	Company 2018 £
Finished goods and goods for resale	288,576	-

The difference between purchase price or production cost of stocks and their replacement cost is not material.

An impairment loss of £Nil was recognised in cost of sales against stock during the year due to slow-moving and obselete stock.

16. Debtors

	Group 2018 £	Company 2018 £
Amounts falling due after one year		
Amounts owed by group undertakings	-	50,691,429
	-	50,691,429
Amounts falling due within one year		
Trade debtors	4,236,963	-
Amounts owed by group undertakings	-	2,134,261
Other debtors	8,288	1,309
Prepayments and accrued income	405,976	22,169
	4,651,227	52,849,168

Amounts owed by group undertakings are charged interest at a rate of 4%.

17. Creditors: Amounts falling due within one year

	Group 2018 £	Company 2018 £
Bank loans	855,332	855,332
Trade creditors	2,271,779	8,201
Amounts owed to group undertakings	-	3,257,031
Amounts owed to parent company	15,546	15,546
Corporation tax	281,819	-
Other taxation and social security	576,353	-
Other creditors	64,048	957
Accruals and deferred income	518,562	-
	4,583,439	4,137,067

Amounts owed to group undertakings are repayable on demand.

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

	Group 2018 £	Company 2018 £
Bank loans	41,954,000	41,954,000
Other loans	65,555,029	65,555,029
	107,509,029	107,509,029

The maturity of sources of debt finance are as follows:

	Bank loans £	Other loans £	Total £
In one year or less, or on demand	855,332	-	855,332
In more than one year but not more than two years	832,000	-	832,000
In more than two years but not more than five years	41,122,000	-	41,122,000
Over 5 years	-	65,555,029	65,555,029
	42,809,332	65,555,029	108,364,361

The others loans bear interest at 10% per annum and are repayable on 12 January 2028.

Bank loans comprise an asset based lending facility and two term loans. The asset based lending facility is secured on the fleet assets of the Group.

19. Financial instruments

	Group 2018 £
Financial assets	
Financial assets that are debt instruments measured at amortised cost	6,642,598
Financial liabilities	
Financial liabilities measured at amortised cost	(111,234,296)

Financial assets that are debt instruments measured at amortised cost comprise cash balances, trade and other debtors and amounts owed to parent company.

Derivative financial instruments measured at fair value through profit or loss held as part of a trading portfolio comprise interest rate swaps.

Financial liabilities measured at amortised cost comprise bank overdrafts, loans, trade and other creditors and accruals.

20. Deferred taxation

Group

	2018 £
At beginning of year	-
Charged to profit or loss	(352,169)
Arising on business combinations	(2,005,832)
At end of year	**(2,358,001)**

At end of year

	Group 2018 £
Accelerated capital allowances	(2,358,686)
Short term timing differences	685
	(2,358,001)

21. Share capital

	2018 £
Allotted, called up and fully paid	
79,455 Ordinary shares of £1 each	79,455

On incorporation 1 Ordinary share with a nominal value of £1 was issued for a total consideration of £1.

On 12 January 2018, 79,454 Ordinary shares with a nominal value of £1, were issued for a total consideration of £79,454.

22. Reserves

The Company's reserves are as follows:

Called up share capital

Called up share capital represents the nominal value of shares issued.

Profit and loss account

Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

23. Business combinations

On 12 January 2018 Kelling Group Limited (formerly Skye Bidco Limited) acquired the group headed by Kelling Property Limited (formally Kelling Group Limited).

Recognised amounts of identifiable assets acquired and liabilities assumed

	Book value £	Fair value £
Tangible fixed assets	41,322,358	41,322,358
	41,322,358	41,322,358
Stocks	322,315	322,315
Debtors	4,212,526	4,212,526
Cash at bank and in hand	524,264	524,264
Total assets	46,381,463	46,381,463
Creditors		
Due within one year	(10,768,226)	(10,768,226)
Due after one year	(43,010,850)	(43,010,850)
Total identifiable net liabilities	(7,397,613)	(7,397,613)
Goodwill		59,976,515
Total purchase consideration		52,578,902

Consideration

	£
Cash	52,578,902
Total purchase consideration	52,578,902

23. Business combinations (continued)
Cash outflow on acquisition

	£
Purchase consideration settled in cash, as above	52,578,902
	52,578,902
Less: Cash and cash equivalents acquired	(524,264)
Net cash outflow on acquisition	52,054,638

The results of the Group since its acquisition are as follows:

	Current period since acquisition £
Turnover	15,507,464
Loss for the 10 month period	(1,021,659)

24. Capital commitments

At 30 September 2018 the Group had capital commitments as follows:

	Group 2018 £
Contracted for but not provided in these financial statements	2,171,934

The Company had no capital commitments as at the reporting date.

25. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £28,162. Contributions totalling £10,678 were payable to the fund at the reporting date and are included in creditors.

26. Commitments under operating leases

At 30 September 2018 the Group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2018 £
Not later than 1 year	**340,844**
Later than 1 year and not later than 5 years	**1,217,773**
Later than 5 years	**2,583,652**
	4,142,269

The Company had no commitments under the non-cancellable operating leases as at the reporting date.

27. Related party transactions

The Company has taken advantage of the exemption in FRS 102 to disclose transactions entered into with wholly owned subsidiary undertakings.

28. Controlling party

The Company's immediate and ultimate parent company is Skye Topco Limited, which is registered at 44 Esplanade, St Helier, Jersey, JE4 9WG. The Group is controlled by Alinda GP of GP III Limited who own 79% of the shares of the Company.