

GAP HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

GAP HOLDINGS LIMITED

COMPANY INFORMATION

Directors	D G Anderson I M Anderson M D Anderson C A G Parr
Company secretary	C A G Parr
Registered number	SC143099
Registered office	Citypoint 2 25 Tyndrum Street Glasgow G4 0JY
Independent auditor	RSM UK Audit LLP Third Floor Centenary House 69 Wellington House Glasgow G2 6HG

GAP HOLDINGS LIMITED

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GAP HOLDINGS LIMITED

CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 31 MARCH 2023

The UK economy presented a challenging backdrop during 2022/23 with spiralling inflation, continued skill shortages and a tight labour market. Despite these headwinds our careful financial management and robust operating model allowed us to respond positively and perform strongly.


Our turnover increased by 16% to £279m and our pre-tax profit increased to £43.8m. Investment in our hire fleet totalled £101m and our headcount across the group increased by 10%.

Supporting and developing our employees will always be a priority. In response to the cost of living crisis we made a series of exceptional support payments to over 85% of our workforce, as well as offering support and advice through our employee Wellbeing Hub. Our Learning & Development team had another busy year delivering over 5,000 training days equating to 2.5 days per employee.

Developing the young workforce remains crucial to our on-going success and our long-established apprenticeship programmes continue to provide the Company with future talent across all areas of the business. During the year we recruited 43 new apprentices and were proud to launch a new Lifting Engineer apprenticeship programme to sit alongside our long-established Plant Mechanic and Customer Service apprenticeship programmes.

Public finances, whether at Westminster or Holyrood, are never far from the headlines and it is worthy of note that between business and employment taxes GAP contributed a total of £45.7m to the public purse in the year to March 2023.

As we look forward, activity levels and order pipelines within our core sectors remain robust and our strong balance sheet and low gearing levels position us well to continue to respond to the requirements of our customers and to develop new divisions offering additional products. A further benefit of our independent family ownership is our ability to take a long-term planning horizon and this has enabled us to acquire and own more than 55% of the properties we operate from. During the year, we invested a further £18m in property and our GBV of land and buildings (excluding investment property) is now £104m providing us with long term security that is unrivalled in our industry.



Name **D G Anderson**
Chairman and joint Managing Director

Date 25 September 2023

GAP HOLDINGS LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2023

The Directors submit their report and financial statements for the year ended 31 March 2023.

Principal activities

The Principal activity of the Group ('GAP') is the hire of small tools and unmanned plant, mainly to the Utilities, Building and Construction Industries.

Performance

The Group's performance is outlined in the Chairman's statement.

Customers

The Group continues to focus on the quality of its overall service to customers with account managers appointed to deliver to our Major Accounts. The Commercial Team based at GAP's Head Office provides tender support for both new business and our Major Accounts.

Safety

GAP continued to build on its deep-rooted passion for health and safety excellence where nothing within the business is more important than maintaining safe and operationally reliable services. GAP continued to focus on the development of safety programmes and strategies to maintain and enhance the effectiveness of its safety processes and procedures within operations, including supporting a culture of care for others.

Through this sustained effort to improve safety, including work on safety leadership, safety culture and performance, GAP continued to embed its Think Safe Golden Safety Rules through encouraging its workforce to provide feedback through 'safety conversations' about its Think Safe Golden Safety Rules. These 'conversations' have helped reinforce an interdependent culture of safety and drive a common approach to improving health, safety and environmental performance. Safety 'conversations' have also helped to verify that critical safety controls are in place, being applied correctly and are effective in managing risks that have the potential to cause injury.

GAP's safety trends were also positive, with continued improved performance in operational safety events, recordable injury frequency and other key safety and environmental metrics. GAP carefully designs and plans its new and existing operations with the aim of identifying potential hazards and having rigorous operating and maintenance practices applied by capable staff to manage risk at every stage.

Risk & governance

GAP's Risk & Compliance Committee continues to play a central role in providing the Board with assurance on the achievement of compliance with statutory requirements, the protection of its customers, employees and business assets, but also on the wider issues of sustainability and environmental impacts. The Committee reviewed safety, project and operational safety and environmental performance throughout the year as well as assessing the exposure of new and emerging safety, compliance and environmental risks from divisional activities and growth plans.

GAP continues to develop its risk management framework to manage and report the risks it faces as a Group. GAP continued to undertake regular risk and insurance reviews of its services to ensure its risks and uncertainties are identified, incidents and unexpected/undesirable events are avoided and business outcomes are enhanced.

GAP HOLDINGS LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

Environment

GAP is committed to building a sustainable future and making a positive impact on the planet future generations will inherit. Through deep engagement with its customers, staff, suppliers and other stakeholders, GAP has been developing its Sustainability Strategy throughout 2022/23. GAP has a clear understanding that to reach its sustainability goals it is vital it continues to foster strong and meaningful environmental sustainability dialogue and collaboration with its customers and suppliers. This is particularly important when seeking meaningful reductions of Scope 3 emissions which will depend on technological progress to allow equipment to be replaced with low or zero emission technologies, customers adopting and sustaining the use of new technologies and manufacturers decarbonising their products and services.

Aligned with the highest ambitions of the Paris Climate Change Agreement, GAP will continue to set a target of achieving Net Zero across our supply chain by 2050 and will continue to work towards the ambition of reaching this in 2040, or as early as possible.

GAP will continue to update its Net Zero Strategy regularly to reflect operational changes and progress, and ensure it continues to serve our goal to build a sustainable future.

Transport

GAP's Transport Management team introduced an electronic mobile application to digitise its depot operational checks and audit processes. The application allows the Transport Management team and depot managers to readily capture consistent data, identify areas of improvement, share reports and collaborate across all depots and divisions. The electronic audit process also allows for easy assigning, reporting and escalation of inspection actions to specific staff, should follow-up tasks need to be undertaken. This electronic operational platform encourages and facilitates processes for managers to proactively and effectively embrace continuous improvement at their depots.

GAP continued to implement the external, industry leading driver qualification for all HGV drivers covering areas such as loading/unloading and load security. This, in conjunction with GAP's internal driver competence framework, further enhances its robust approach to road and fleet safety.

Security

GAP continued to embed its risk-based approach to depot and asset security. This is against a backdrop of a significant increase of organised criminal activity affecting the hire sector. Security arrangements at depots continued to be enhanced with newer surveillance technology, monitoring and threat response arrangements. GAP continued to commit to the fostering of strong relations with its business peers, insurers and law enforcement agencies to tackle security threats, including fraud, to our industry. Through a combination of experience and market leading 'state of the art' theft prevention and recovery solutions, GAP's tracking solutions continued to enjoy a crime prevention and recovery rate unrivalled throughout the hire industry, benefitting both GAP and its customers.

Certification

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

GAP successfully achieved recertification to the Fleet Operator Recognition Scheme (FORS) Gold which evidences its commitment to supporting the continual development and promotion of its motor fleet safety and risk and compliance values.

GAP received the Royal Society for the Prevention of Accidents (RoSPA) Gold Medal award for its achievements in occupational health and safety performance and for continued demonstrable evidence of its compliant health and safety management system.

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

Streamlined energy & carbon reporting regulations (SECR)

The reportable energy consumption and emissions information for the reporting period have been produced in accordance with the Greenhouse Gas Protocol (March 2004) and HM Government's Environmental Reporting Guidelines (March 2019). The reporting boundary has been defined using the 'operational control' approach.

Scope 1 emissions account for total natural gas consumption of GAP, as well as fuel used in any company owned vehicles. Fuel used in company cars for personal journeys was excluded. Emissions from the Diesel exhaust fluid AdBlue are also included as part of Scope 1.

Scope 2 emissions are for the total electricity purchased by GAP across its depot estate.

Only scope 3 emissions from fuel used in leased or owned vehicles where GAP has been responsible for purchasing the fuel are mandatory. No emissions are attributed to this for the reporting period. Other non-mandatory scope 3 emissions have not been included in this report.

Emissions from purchased electricity, natural gas and fuel have been calculated using the BEIS (DEFRA), Government Emission Conversion Factors for Company Reporting, to ensure data is in line with in the SECR guidelines. Scope 1 and Scope 2 emissions (where stated in tCO₂e) are absolute values.

Energy efficient action

In 2022/23, GAP Group continued to pursue its goals of energy efficiency and sustainability through a variety of projects and strategies.

A large proportion of GAP's energy consumption is attributed to vehicle fuel use with GAP continuing to replace standard combustion engine vehicles with hybrid vehicles. GAP set the goal of having a 100% hybrid car fleet by the end of 2023/24. Telematics are fitted to all vehicles to help identify efficiency issues and encourage energy efficient driving techniques. GAP's Gold FORS certification (Fleet Operator Recognition Scheme), further demonstrates that GAP is achieving exemplary levels of best practice in vehicle fleet efficiency and environmental protection. All commercial vehicle drivers are required to undertake eco driving training.

During 2022/23, GAP moved to its new head office designed to optimise energy usage and minimise environmental impacts. The new office is equipped with energy-efficient lighting system, including LED lights, which consume significantly less energy than traditional lighting options, resulting in lower electricity bills and reduced carbon emissions. Additionally, GAP utilises a Building Management System (BMS) in the new office to monitor, control and optimise the building's performance while minimising energy dispersions. Finally, GAP has installed heat pumps in newly established depots, reducing the reliance on gas boilers and minimising energy consumption.

GAP HOLDINGS LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

Energy consumption

Table 1: Energy consumption for the reporting period 1st April 2022 - 31st March 2023

Reporting Period 1 st April 2022 – 31 st March 2023		
Total	2021-22 kWh*	2022-23 kWh
Gas	2,878,388.55	2,141,355.41
Transport Fuel	59,746,329.46	65,757,097.38
Electricity	4,444,542.12	4,443,636.22
Total Scope 1 & 2 energy use (kWh)	67,069,260.13	72,342,089.01

Greenhouse Gas emissions

Table 2: Greenhouse Gas emissions for the reporting period 1st April 2022 - 31st March 2023

Reporting Period 1 st April 2022 – 31 st March 2023		
Scope 1	2021-22 tCO ₂ e*	2022-23 tCO ₂ e
Gas	527.21	385.89
Transport Fuel**	13,777.22	15,120.64
Total Scope 1	14,304.43	15,506.53
Scope 2	2021-22 tCO ₂ e*	2022-23 tCO ₂ e
Purchased electricity (grid average)	943.71	857.81
Total Scope 2	943.71	857.81
Total	2021-22 tCO ₂ e*	2022-23 tCO ₂ e
Total Scope 1 & 2 emissions	15,248.14	16,364.34
Intensity Ratio: tCO₂e/employee	8.59	8.73

* Revised values reflecting continued year on year enhanced data accuracy

** Purchased diesel, petrol and AdBlue

Between 2021/22 and 2022/23, GAP experienced a reduction in gas and electricity consumption within its operational buildings, due to enhanced energy efficiency. GAP had an 8.3% increase (in litres) in transport fuel use due to:

- The distance covered by GAP commercial vehicles increasing by 13.7% during 2022/23, following a period of reduced usage during the pandemic; and
- A 10.3% increase in the number of operational vehicles used by GAP during the same period including new 26 tonne tankers.

Despite an increase in fuel consumption, GAP Group's overall emission intensity ratio (based on number of employees) remained relatively stable, with a minimal 1.7% increase. GAP's policy to procure and operate environmentally sustainable vehicles, however, has resulted in a significant 7.6% boost in fleet fuel efficiency.

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

Human resources

Due to the continued growth and diversification of the business and the challenging UK labour market, recruitment and retention of staff continued to be a major focus during the year.

Headcount across the Group increased by 10%. Despite this and the buoyant recruitment market, our attrition levels have remained static. Regularly benchmarking salary levels across job categories and offering a wide range of employee benefits allows us to remain competitive in a challenging labour market.

Career progression and development opportunities are vitally important to employees and candidates alike and are also key to staff retention and loyalty. Throughout the year our dedicated Learning & Development team delivered over 5,000 training days equating to 2.5 days of training per employee. Our policy is to promote from within wherever possible and during the year over 200 colleagues, representing 10% of the workforce, were promoted across the business.

As long-standing ambassadors of apprenticeship programmes, in addition to our Plant Mechanic and Customer Service apprenticeship programmes which have been running for many years, we introduced a new Lifting Engineer apprenticeship programme. During the year we recruited 43 new apprentices all of whom will experience a blended learning experience through internal and external training interventions. In February 2023, to mark the completion of their apprenticeship journey, our final year apprentices attended a 3 day outward bound experience in the Lake District. On the last day, the apprentices shared the highlights of their learning journey with members of the Senior Management and Learning & Development teams.

Within our Head Office, a new graduate development support network was established, the purpose of which is to bring together recent graduates, going through professional exams or those who are at the stage in their career where they are exploring a degree or further qualifications. The members of this group meet regularly to build their internal support networks and confidence as they progress their careers within GAP.

We continue to recognise and reward performance excellence in line with our core values with many of our colleagues receiving a monthly Award of Excellence. The best of the best, along with their partners, were invited to attend our Annual Awards of Excellence in Glasgow in October, where six employees received an Annual Award of Excellence on the night. These Awards demonstrate the commitment and dedication shown by our colleagues to delivering excellent customer service and teamwork.

As a family business with strong family values, employee wellbeing lies at the heart of our engagement strategy. During 2022/23 we made several cost of living support payments to over 85% of our workforce to support them during the cost of living crisis which has affected the UK population.

Our Wellbeing Hub continues to offer our colleagues support when they need it most. Resources related to mental, physical, and financial health are readily available 24/7, 365 days a year and trained mental health first aiders across the business are also on hand. In addition through our continued support of the Lighthouse Club, the charity that supports the construction industry, our employees also have access to the Construction Industry Helpline which also offer 24/7 support.

During the latter half of the financial year, we undertook a market review of our HR & Payroll software provision to ensure the technology we have is future proof. As a result of the review, we will be investing in a significant upgrade from the current SAS solution to a fully integrated cloud-based solution with the addition of a comprehensive learning management system. The system upgrade and LMS implementation commenced in the first quarter of 2023/24 and is expected to be complete by the end of the fourth quarter.

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

Systems

Investing in technology is a key priority for our business, and we are constantly striving to enhance our systems, infrastructure and people.

To improve our operations and offer our customers a seamless digital experience, we have introduced cutting-edge data analytics and digital platforms. Our Enterprise Resource Planning (ERP) system is the backbone of our business, enabling us to manage all aspects of our operations with ease. Additionally, we are embracing cloud technology and have recently adopted the latest offerings from Microsoft, including Azure and Office 365. The move will allow us to leverage the benefits of cloud-based solutions, such as scalability, flexibility, and enhanced collaboration, to further improve our operations and customer service.

We are committed to staying at the forefront of technology in our sector and providing our customers with the best possible experience.

S172 statement

The Board of Directors of the company, and each Director, have acted in a way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to the company's various stakeholders and other matters set out in s.172 (1) (a-f) of the Act).

The following paragraphs summarise how each Director fulfils their duties with respect to s.172, with reference to other sections of this Strategic Report.

Employee engagement

Employees are informed on matters of concern to them through various forms of communication by the board and senior management. The form of communication will be dependent on the scale and importance of the information being disseminated and examples of this include company-wide communication by email, conference calls and attaching notices to boards in communal areas at our depots. Employees are regularly informed on several different topics including:

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

In addition, a monthly GAP Gazette is emailed and shared on our employee portal. The Gazette includes a note from a Director with a business update as well as news from around the business including new projects and customers we are working with, helpful advice and contact details around areas such as mental health and personal stories of staff.

Employees are consulted on a regular basis through pulse surveys, team and one-to-one meetings and a buddy scheme.

- Formal one-to-one meetings are held with all employees on an annual basis. A job chat form is completed noting additional training needs and objectives for the coming 12-month period as well as reviewing the previous 12 months performance. The form is then used for subsequent one-to-one meetings to ensure both line manager and employee are meeting these objectives.
- Pulse surveys are carried out on a regular basis across the business. These are used to gather more information in for example a region or division in the business. The information gathered is used to ensure the appropriate decisions are made for the benefit of the employees and the business.
- Head Office departmental meetings are held on a quarterly basis to inform staff of business updates both within Head Office and across the wider business. The purpose is to ensure consistent communication across all departments.

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

s72 (continued) Employee engagement (continued)

- All members of the Senior Management team are partnered with various depots across the UK and have the responsibility of engaging with the staff and feeding back any questions or concerns with the aim of improving relationships and communication.
- The GAP Wellbeing Hub will continue to ensure that GAP employees and their families have access to all the support they need both in their professional and personal lives.

All Directors directly engage with employees and operate an open-door policy. This provides employees with an opportunity to ask questions or raise any concerns as they see fit and ensures employee engagement remains at the forefront of the business.

A stakeholder impact assessment is conducted during the decision-making process for principal decisions and employee's views are considered in decisions likely to affect their interests. All decisions are recorded in the minutes. GAP provides a number of employee-related initiatives throughout the course of the year. These include:

- Long service recognition awards
- Monthly and Annual GAP Code Excellence awards where employees' exceptional performance in line with the core values of the business is recognised
- GAP donates a percentage of its profits on an annual basis to charity. The charities selected during the year are nominated by employees. Employees taking part in fundraising events are also able to secure matched funding for their charity of choice.

Business planning and risk management: long term decision making

The Board considers any likely consequence of any decisions in the long term with consideration of the impact on the company's regulatory compliance framework and its investment risk framework. The Board's strategies with respect to long term funding and Corporate Governance are set out later in this Strategic Report. In the course of determining the most appropriate strategic course, the Board considers the needs of all relevant stakeholders and in particular ensures that all stakeholders are treated equitably.

Business relationships

The ways in which the Group interacts with its customers and suppliers and fosters long term business relationships are set out within the Customers section and the Safety, Environment & Security section of this Strategic Report.

Community and environment

The Group's impact on the communities it serves and the environment are described in the Safety, Environment & Security and Streamlined Energy & Carbon Reporting sections of this Strategic Report.

GAP HOLDINGS LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

Funding and going concern

The Group is funded through an Asset Backed Lending ('ABL') facility. On 14 July 2023, GAP Holdings Ltd extended its ABL bank facility until July 2029. The committed facility has increased from £172m to £220m. The facility has a further £80m accordion available. Adequacy of facilities and compliance with relevant covenant tests are monitored on an ongoing basis.

The Group's funding structure has been carefully formulated to maintain a strong balance sheet while supporting the significant level of investment in capital expenditure required by the business. With regard to the performance to date in the year to March 2023 the Directors have reviewed the Group's forecasts and are satisfied that the Group should be able to operate within the level of its current facilities. As a consequence, the Directors believe the Group is well placed to manage its financial position.

Corporate governance

GAP defines corporate governance to include its management structure and supporting functions and systems which are implemented through an established framework of policies, procedures and processes that ensure effective business outcomes. Strategies to review and improve organisational effectiveness are also in place to ensure effective resource allocation and quality business and customer support services. Key challenges include attracting skilled staff, effectively equipping depot staff to deliver to GAP standards and regulatory compliance; and ensuring continuous improvement at a time of significant change within the utilities and construction sectors.

Non-financial information

The main non-financial measures reviewed by the Directors relate to the monitoring of plant utilisation and health and safety within the business through reports generated for review.

The health and safety of GAP's employee's and customers is the main priority for the Directors. The Group reviews health and safety in a number of different ways including, monthly board and separate health and safety meetings including Directors, rolling depot audits, reviewing health and safety procedures and ongoing staff training. The Directors review our health and safety statistics against industry wide performance and note, without complacency, industry leading performance.

Plant utilisation is monitored by way of regular reporting that is distributed across the business. The Directors set and review targets and are pleased to report that these continue to be met.

Financial Information

The Group's five year performance is summarised below:

	2023	2022	2021	2020	2019
No of Locations	175	148	146	146	137
Turnover	£278.7m	£240.2m	£196.9m	£209.8m	£203.0m
No of Employees at 31 March	2,068	1,867	1,696	1,805	1,724
EBITDA	£120.3m	£100.8m	£86.1m	£81.7m*	£80.4m
Pre-tax profit	£43.8m	£36.1m	£23.6m	£18.7m	£18.7m
Shareholder's Funds	£172.2m	£146.2m	£133.1m	£117.3m	£109.2m

*EBITDA 2020 excludes the revaluation gain on investment property.

GAP HOLDINGS LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

Results and dividends

The operations of the Group for the year resulted in a profit after tax of £35,955,000 (2022: £23,716,000), which is reviewed in the Chairman's Statement.

An interim dividend of £9,021,000 was declared in July 2022 and paid in the year (2021: £10,573,000). No final dividend has been proposed.

This report was approved by the board on 25 September 2023 and signed on its behalf.

Chris AG Parr

C A G Parr
Company Secretary

GAP HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2023

The Directors present their report and the financial statements for the year ended 31 March 2023.

Directors

The Directors who served during the year and to the date of this report were:

D G Anderson
I M Anderson
M D Anderson
C A G Parr

Employee involvement

The Group has a policy of communicating and consulting with employees on matters of concern to them and providing them with information on the performance of the Group.

Specific methods and results of employee engagement are outlined in detail in the S172 Statement in the Strategic Report.

Business relationships

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

Employment of disabled persons

It is the policy of the group that disabled persons will receive full and fair consideration when applying for a job and in selection for training, career development and promotion.

Future outlook

The Directors continue to monitor current market conditions closely ensuring that all investment decisions are made with a view to long term sustainability and success. The Chairman's statement highlights how the business will address the current inflationary pressures and the Directors are confident that the Group will continue to be profitable in the financial year to March 2024 and beyond.

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.

Post balance sheet events

On 14 July 2023, GAP Holdings Ltd extended its ABL bank facility until July 2029. The committed facility has increased from £172m to £220m. The facility has a further £80m accordion available.

GAP HOLDINGS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

Qualifying indemnity provision

GAP Holdings Limited has granted indemnities to the extent permitted by law to each of the Directors. These indemnities are uncapped in amount in relation to certain losses and liabilities which they may incur to third parties in the course of acting as a Director. The indemnity does not provide cover in the event a Director is proved to have acted fraudulently or dishonestly. The indemnity is categorised as a 'qualifying third-party indemnity' for the purposes of the Companies Act 2006 and will continue in force for the benefit of Directors on an ongoing basis.

Auditor

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

This report was approved by the board on 25 September 2023 and signed on its behalf.

Chris AG Parr

C A G Parr
Company Secretary

GAP HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MARCH 2023

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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' Reports may differ from legislation in other jurisdictions.

GAP HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GAP HOLDINGS LIMITED

Opinion

We have audited the financial statements of GAP Holdings Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2023 which comprise the consolidated profit and loss account, the consolidated balance sheet, the Company balance sheet, the consolidated statement of changes in equity, the Company statement of changes in equity, the consolidated cash flow statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

GAP HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GAP HOLDINGS LIMITED

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Director's report and strategic 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, 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 set out on page 13, 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GAP HOLDINGS LIMITED

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

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

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

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

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

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

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

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

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

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

GAP HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GAP HOLDINGS LIMITED

Use of our report

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

K Morrison

Katie Morrison (Senior Statutory Auditor)

for and on behalf of

RSM UK Audit LLP

Third Floor Centenary House
69 Wellington House
Glasgow
G2 6HG

25 September 2023

GAP HOLDINGS LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2023**

	Note	2023 £000	2022 £000
Turnover	4	278,726	240,190
Cost of sales		(170,064)	(147,967)
Gross profit		108,662	92,223
Administrative expenses		(58,338)	(53,633)
Operating profit	5	50,324	38,590
Interest receivable and similar income	9	6	1
Interest payable and similar expenses	10	(6,481)	(2,506)
Profit before tax		43,849	36,085
Tax on profit	11	(8,865)	(12,369)
Profit for the financial year attributable to the owners		34,984	23,716

The notes on pages 26 to 49 form part of these financial statements.

GAP HOLDINGS LIMITED
REGISTERED NUMBER: SC143099

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2023

	Note	2023 £000	2022 £000
Fixed assets			
Goodwill	13	1,781	1,331
Tangible fixed assets	14	356,232	297,326
Investment property	16	5,144	5,144
		363,157	303,801
Current assets			
Stocks	17	8,010	7,056
Debtors: amounts falling due within one year	18	59,008	53,309
Cash at bank and in hand	19	3,153	-
		70,171	60,365
Creditors: amounts falling due within one year	20	(108,143)	(99,126)
Net current liabilities		(37,972)	(38,761)
Total assets less current liabilities		325,185	265,040
Creditors: amounts falling due after more than one year	21	(131,417)	(96,747)
Provisions for liabilities			
Deferred taxation	24	(21,520)	(22,087)
		(21,520)	(22,087)
Net assets		172,248	146,206
Capital and reserves			
Called up share capital	25	150	150
Profit and loss account		172,098	146,056
Shareholders' funds		172,248	146,206

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 September 2023.



I M Anderson
 Director

The notes on pages 26 to 49 form part of these financial statements.

GAP HOLDINGS LIMITED
REGISTERED NUMBER: SC143099

COMPANY BALANCE SHEET
AS AT 31 MARCH 2023

	Note	2023 £000	2022 £000
Fixed assets			
Investments	15	6,312	6,312
Investment Property	16	4,576	4,576
		10,888	10,888
Current assets			
Debtors: amounts falling due within one year	18	598	610
Cash at bank and in hand	19	164	89
		762	699
Creditors: amounts falling due within one year	20	(7,169)	(7,127)
Net current liabilities		(6,407)	(6,428)
Total assets less current liabilities		4,481	4,460
Provisions for liabilities			
Deferred taxation	24	(32)	(34)
		(32)	(34)
Net assets		4,449	4,426
Capital and reserves			
Called up share capital	25	150	150
Profit and loss account		4,299	4,276
Shareholders' funds		4,449	4,426

As permitted by Section 408 of the Companies Act 2006, the Company has not presented its own profit and loss accounts and related notes as it prepares consolidated accounts. The Company's profit for the year was £9,044,000 (2022: £10,623,000).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 September 2023.



I M Anderson
 Director

The notes on pages 26 to 49 form part of these financial statements.

GAP HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023**

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 April 2021	150	132,917	133,067
Comprehensive income for the year			
Profit for the year	-	23,716	23,716
Deferred tax movements	-	(4)	(4)
Other comprehensive income for the year	-	(4)	(4)
Total comprehensive income for the year	-	23,712	23,712
Contributions by and distributions to owners			
Dividends: Equity capital	-	(10,573)	(10,573)
Total transactions with owners	-	(10,573)	(10,573)
At 1 April 2022	150	146,056	146,206
Comprehensive income for the year			
Profit for the year	-	34,984	34,984
Deferred tax movements	-	79	79
Total comprehensive income for the year	-	35,063	35,063
Contributions by and distributions to owners			
Dividends: Equity capital	-	(9,021)	(9,021)
Total transactions with owners	-	(9,021)	(9,021)
At 31 March 2023	150	172,098	172,248

The notes on pages 26 to 49 form part of these financial statements.

GAP HOLDINGS LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023**

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 April 2021	150	4,151	4,301
Comprehensive income for the year			
Profit for the year	-	10,623	10,623
Deferred tax movements	-	75	75
Other comprehensive income for the year	-	75	75
Total comprehensive income for the year	-	10,698	10,698
Contributions by and distributions to owners			
Dividends: Equity capital	-	(10,573)	(10,573)
Total transactions with owners	-	(10,573)	(10,573)
At 1 April 2022	150	4,276	4,426
Comprehensive income for the year			
Profit for the year	-	9,044	9,044
Total comprehensive income for the year	-	9,044	9,044
Contributions by and distributions to owners			
Dividends: Equity capital	-	(9,021)	(9,021)
At 31 March 2023	150	4,299	4,449

The notes on pages 26 to 49 form part of these financial statements.

GAP HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023**

	2023	2022
	£000	£000
Cash flows from operating activities		
Profit for the financial year	34,984	23,716
Adjustments for:		
Amortisation of intangible assets (note 13)	810	621
Depreciation of tangible assets (note 14)	69,170	61,569
Impairments of fixed assets (note 5)	-	400
Gain on disposal of tangible assets	(17,800)	(14,133)
Interest payable and similar charges (note 10)	6,481	2,506
Interest receivable and similar income (note 9)	(6)	(1)
Taxation charge (note 11)	8,865	12,369
(Increase)/decrease in stocks	(888)	(1,264)
Increase in debtors	(8,410)	(528)
Increase in creditors	2,941	8,917
Corporation tax paid	(7,538)	(7,280)
Dividends paid (note 12)	(9,021)	(10,573)
Interest paid	(5,962)	(2,039)
Interest element of finance lease rental payments	(513)	(351)
Net cash generated from operating activities	73,113	73,929
Cash flows from investing activities		
Sale of tangible fixed assets	34,491	37,655
Acquisition of tangible fixed assets and investment properties (note 14)	(134,101)	(111,025)
Acquisition of tangible fixed assets from leasing unwind (note 14)	(10,476)	(16,191)
Aquisitions in year (note 26)	(1,339)	(3,305)
Net cash from investing activities	(111,425)	(92,866)

GAP HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

	2023	2022
	£000	£000
Cash flows from financing activities		
Capital elements from finance lease payments	(552)	(4,946)
Proceeds from new loan	40,974	21,605
Movement in related party balances	2,350	204
Net cash used in financing activities	<u>42,772</u>	<u>16,863</u>
Net increase/(decrease) in cash and cash equivalents	<u>4,460</u>	<u>(2,074)</u>
Cash and cash equivalents at beginning of year	(1,307)	767
Cash and cash equivalents at the end of year	<u><u>3,153</u></u>	<u><u>(1,307)</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	3,153	-
Bank overdrafts	-	(1,307)
	<u><u>3,153</u></u>	<u><u>(1,307)</u></u>

The notes on pages 26 to 49 form part of these financial statements.

GAP HOLDINGS LIMITED

**CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 MARCH 2023**

	At 1 April 2022 £000	Cash flows £000	Acquisition and disposal of subsidiaries £000	New finance leases £000	At 31 March 2023 £000
Cash at bank and in hand	-	3,135	18	-	3,153
Bank overdrafts	(1,307)	1,307	-	-	-
Debt due after 1 year	(92,200)	(35,089)	-	-	(127,289)
Debt due within 1 year	(19,816)	(5,886)	-	-	(25,702)
Finance leases	(9,177)	6,926	-	(6,375)	(8,626)
	<u>(122,500)</u>	<u>(29,607)</u>	<u>18</u>	<u>(6,375)</u>	<u>(158,464)</u>

The notes on pages 26 to 49 form part of these financial statements.

GAP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1. General information

GAP Holdings Limited (the "Company") is a private company limited by shares and incorporated in Scotland, UK. The registered number is SC143099 and the registered address is Citypoint 2, 25 Tyndrum Street, Glasgow, Scotland, G4 0JY.

2. Accounting policies

2.1 Basis of preparation of financial statements

These Group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). The presentation currency of these financial statements is Sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The parent company is included in the consolidated financial statements and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time;
- No separate parent company Cash Flow Statement with related notes is included
- Key management personnel disclosures

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the Directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 3.

2.2 Basis of consolidation

The group consolidated financial statements include the financial statements of the Company and all its subsidiary undertakings made up to 31 March 2023. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

2.3 Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the entity.

At the acquisition date, the group recognises goodwill at the acquisition date as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus
- fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.4 Going concern

The Group continues to be funded through a combination of an ABL credit facility and hire purchase arrangements. On 14 July 2023, the ABL revolving credit facility was extended to July 2029. The committed facility increased to £220m, with a further accordion of £80m available.

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

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

2.5 Turnover

Turnover represents amounts invoiced, net of discounts and rebates, in relation to the hire of equipment and ancillary services (excluding value added tax) and rental income from properties.

2.6 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to profit or loss 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.

2.7 Leased assets: the Group as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.8 Interest income

Interest income is recognised in the profit and loss in the period in which it is receivable. Interest income includes bank interest and late penalty fee interest.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

2. Accounting policies (continued)

2.9 Borrowing costs

Borrowings are initially recognised at the transaction price and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges. Transaction costs are charged to the profit and loss over the term of the borrowing.

2.10 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 profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

2.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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 balance sheet 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 balance sheet 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 balance sheet date.

GAP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.12 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 Profit and Loss Account over its useful economic life.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.13 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.

Investment property rented out to other Group entities and accounted for under the cost model is stated at historical cost less accumulated depreciation and any accumulated impairment losses.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. Any impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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:

Short leasehold buildings and improvements	- over the period of the lease or 20%, whichever is shorter
Freehold buildings	- 4%
Plant and machinery	- 12.5% - 33%
Motor vehicles	- 17% - 25%

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 profit or loss.

Assets under construction are not depreciated until brought into use.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.14 Investment property

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

Subsequent to initial recognition:

- investment properties whose fair value can be measured reliably without undue cost or effort are held at fair value. The Directors review the value on the current underlying market performance and long-term use of the properties. Any gains or losses arising from changes in the fair value are recognised in profit or loss in the period that they arise; and
- no depreciation is provided in respect of investment properties applying the fair value model.

2.15 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Group shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Consolidated Profit and Loss Account for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2.16 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 weighted average basis.

At each balance sheet 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.

2.17 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.

2.18 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.19 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.

2.20 Financial instruments

The Group 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, loans to related parties and investments in ordinary shares.

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 in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a Director in the case of a small company, or a public benefit entity concessionary loan.

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Consolidated Profit and Loss Account if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

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 Profit and Loss Account.

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 balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet 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.

GAP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.21 Dividends

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company.

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

The preparation of financial statements requires management to make judgements, estimates and assumptions in applying the accounting policies that affect the reported amounts of assets and liabilities, income and expense. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The judgements, estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The following accounting policies and judgements are limited to those items that would be most likely to produce materially different results were the underlying judgements, estimates and assumptions changed:

Property, plant and equipment

In relation to the Group's property, plant and equipment (note 14), useful economic lives and residual values of assets have been established using historical experience and an assessment of the nature of the assets involved. At 31 March 2023, the carrying value of hire equipment was £247.3m (2022: £209.7m) representing 70% (2022: 71%) of the total property, plant and equipment. Both useful economic lives and residual values are reviewed on a regular basis.

Bad debt provision

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

4. Turnover

Turnover arises principally from the hiring of plant within the United Kingdom.

	2023 £000	2022 £000
Hire of equipment and ancillary services	277,774	238,972
Investment property rentals	952	1,218
	<u>278,726</u>	<u>240,190</u>

GAP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

5. Operating profit

The operating profit is stated after charging/(crediting):

	2023	<i>2022</i>
	£000	<i>£000</i>
Depreciation of tangible fixed assets - owned	65,945	<i>58,308</i>
Depreciation of tangible fixed assets - finance leases	3,225	<i>3,261</i>
Impairment of investment properties	-	<i>400</i>
Gain on disposal of tangible fixed assets	(17,800)	<i>(14,133)</i>
Amortisation of goodwill	810	<i>621</i>
Hire of vehicles under operating leases	2,680	<i>2,192</i>
Hire of plant and machinery	313	<i>376</i>
Rental of land and buildings under operating leases	3,380	<i>3,243</i>
	=====	<i>=====</i>

6. Auditor's remuneration

During the year, the Group obtained the following services from the Company's auditor and their associates:

	2023	<i>2022</i>
	£000	<i>£000</i>
Fees payable to the Company's auditor and their associates for the audit of the consolidated and parent Company's financial statements	10	<i>7</i>
Fees payable to the Company's auditor and their associates in respect of:		
The auditing of accounts of associates of the Company	88	<i>63</i>
	=====	<i>=====</i>

GAP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

7. Employees

Staff costs were as follows:

	Group 2023 £000	<i>Group 2022 £000</i>
Wages and salaries	62,960	54,308
Social security costs	6,758	5,119
Contributions to defined contribution plans	1,916	1,605
	71,634	61,032

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

	2023 No.	<i>2022 No.</i>
Sales, administration and operations	1,964	1,781

8. Directors' remuneration

	2023 £000	<i>2022 £000</i>
Aggregate remuneration (including benefits in kind)	3,441	3,333
Aggregate of company contributions to defined contribution pension schemes	54	43
Highest paid Director - remuneration	908	878

GAP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

Number of Directors to whom retirement benefits are accruing

	2023 No.	<i>2022 No.</i>
Defined contribution schemes	<u>1</u>	<u>-</u>

9. Interest receivable

	2023 £000	<i>2022 £000</i>
Other interest receivable	<u>6</u>	<u>1</u>

10. Interest payable and similar expenses

	2023 £000	<i>2022 £000</i>
Bank interest payable	5,496	<i>1,988</i>
Other loan interest payable	468	<i>155</i>
Finance leases and hire purchase contracts	513	<i>351</i>
Other interest payable	4	<i>12</i>
	<u>6,481</u>	<u><i>2,506</i></u>

GAP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

11. Taxation

	2023	<i>2022</i>
	£000	<i>£000</i>
Corporation tax		
Current tax on profits for the year	9,984	<i>7,313</i>
Adjustments in respect of previous periods	(591)	<i>(37)</i>
	<u>9,393</u>	<u><i>7,276</i></u>
Group taxation relief	-	<i>(78)</i>
	<u>9,393</u>	<u><i>7,198</i></u>
Total current tax	<u>9,393</u>	<u><i>7,198</i></u>
Deferred tax		
Origination and reversal of timing differences	(846)	<i>42</i>
Adjustments in respect of previous periods	585	<i>(36)</i>
Effect of changes in tax rates	(267)	<i>5,165</i>
	<u>(528)</u>	<u><i>5,171</i></u>
Taxation on profit on ordinary activities	<u>8,865</u>	<u><i>12,369</i></u>

GAP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2022 - *higher than*) the standard rate of corporation tax in the UK of 19% (2022 - 19%). The differences are explained below:

	2023	2022
	£000	£000
Profit before tax	43,849	36,085
Profit multiplied by standard rate of corporation tax in the UK of 19% (2022 - 19%)	8,331	6,856
Effects of:		
Expenses not deductible	1,207	593
Income not deductible	(118)	-
Effect of capital gains	-	106
Prior year adjustments	(5)	(73)
Tax rate changes	(267)	5,027
Recognition of deferred tax not previously recognised	(8)	-
Utilisation of tax losses not previously recognised	(36)	-
Enhanced tax relief on capital expenditure	(40)	-
Overseas tax rates	(199)	(140)
Total tax charge for the year	8,865	12,369

Factors that may affect future tax charges

As part of the UK budget in March 2021, changes to the UK corporation tax rates were announced, including confirmation that the UK corporation tax rate will increase from 19% to 25% from 1 April 2023. This change has been reflected in the financial statements as at 31 March 2023.

12. Dividends

	2023	2022
	£000	£000
Dividends paid	9,021	10,573
	9,021	10,573

GAP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

13. Goodwill

Group and Company

	Goodwill £000
Cost	
At 1 April 2022	3,106
Additions (note 26)	1,259
At 31 March 2023	<u>4,365</u>
Amortisation	
At 1 April 2022	1,774
Charge for the year	810
At 31 March 2023	<u>2,584</u>
Net book value	
At 31 March 2023	<u>1,781</u>
<i>At 31 March 2022</i>	<u>1,331</u>

GAP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

14. Tangible fixed assets

Group

	Long-term leasehold property £000	Plant and machinery £000	Motor vehicles £000	Total £000
Cost or valuation				
At 1 April 2022	87,967	356,766	37,565	482,298
Additions	17,642	105,631	10,828	134,101
Additions - leasing unwind	-	10,476	-	10,476
Acquisition of subsidiary	-	153	37	190
Disposals	(2,034)	(59,286)	(3,433)	(64,753)
Disposals - leasing unwind	-	(41,035)	-	(41,035)
At 31 March 2023	<u>103,575</u>	<u>372,705</u>	<u>44,997</u>	<u>521,277</u>
Depreciation				
At 1 April 2022	18,438	143,857	22,677	184,972
Charge for the year	3,147	60,448	5,575	69,170
Disposals	(1,569)	(53,959)	(3,010)	(58,538)
Disposal - leasing unwind	-	(30,559)	-	(30,559)
At 31 March 2023	<u>20,016</u>	<u>119,787</u>	<u>25,242</u>	<u>165,045</u>
Net book value				
At 31 March 2023	<u>83,559</u>	<u>252,918</u>	<u>19,755</u>	<u>356,232</u>
At 31 March 2022	<u>69,529</u>	<u>212,909</u>	<u>14,888</u>	<u>297,326</u>

Included in the total net book value of plant and machinery and motor vehicles is £15,835,000 (2022: £14,560,000) in respect of assets held under hire purchase agreements and finance leases other than those with related parties.

Included in the total net book value of plant and machinery is £407,000 (2022: £NIL) in respect of assets held under construction.

Included in the total net book value of long-term leasehold property is £1,952,000 (2022: £574,000) in respect of assets held under construction.

GAP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

15. Fixed asset investments

Company

	Investments in subsidiary companies £000
Cost or valuation	
At 1 April 2022	6,312
At 31 March 2023	<u>6,312</u>
Net book value	
At 31 March 2023	<u>6,312</u>
<i>At 31 March 2022</i>	<u>6,312</u>

GAP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

15. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
GAP Group Limited	2	Ordinary	100%
GAP Group Properties Limited	1	Ordinary*	100%
GAP Group Leasing Limited	2	Ordinary*	100%
Ace Hire and Sales Limited	3	Ordinary*	100%
GAP Trench Support Limited (Dormant)	1	Ordinary*	100%
Gordon Anderson Plant Limited (Dormant)	1	Ordinary	100%
4 Group Limited	4	Ordinary*	100%
GAP Hire Solutions Limited (Dormant)	1	Ordinary*	100%
4 Hire (Guernsey) Limited	5	Ordinary*	100%
Bavanar Limited	2	Ordinary*	100%
Mobile Health Systems (UK) Limited	2	Ordinary*	100%

1. Citypoint 2, 25 Tyndrum Street, Glasgow, Scotland, G4 0JY.
2. Blenheim Place, Dunston Industrial Estate, Gateshead, Tyne and Wear, NE11 9HF.
3. Unit 10, South Quay Industrial Estate, Douglas, Isle of Man, IM1 5AT.
4. Home Farm, La Rue de Grouville, Grouville, Jersey, JE3 9HP.
5. Bulwer Buildings, Bulwer Avenue, St. Sampson, Guernsey, GY2 4LG.

* Shares held indirectly

GAP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

16. Investment property

Group

**Freehold
investment
property
£000**

Valuation

5,144

At 1 April 22 and 31 March 23

Investment property is valued on an open market value for existing use basis. The Directors actively review property valuations and market conditions across the UK during the course of the year because of our property portfolio. As a result of this work, the directors are happy with the valuation of the properties held in the accounts.

Company

**Freehold
investment
property
£000**

Valuation

4,576

At 1 April 22 and 31 March 23

The 2023 valuations were made by The Directors, on an open market value for existing use basis. The Directors actively review property valuations and market conditions across the UK during the course of the year because of our property portfolio. As a result of this work, the Directors are happy with the valuation of the properties held in the accounts.

17. Stocks

	Group 2023 £000	<i>Group 2022 £000</i>
Spares, consumable stores and goods for resale	8,010	<i>7,056</i>
	8,010	<i>7,056</i>

GAP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

18. Debtors

	Group 2023 £000	<i>Group 2022 £000</i>	Company 2023 £000	<i>Company 2022 £000</i>
Due within one year				
Trade debtors	54,483	46,552	24	29
Amounts owed by group undertakings	-	-	125	133
Amounts owed by related party	-	2,617	-	-
Corporation tax	-	449	-	-
Prepayments and accrued income	4,525	3,691	449	448
	59,008	53,309	598	610

Interest is charged at rates between 2.5% and 5.7% (2022: 2.1% and 3.2%) on amounts owed by group undertakings.

19. Cash and cash equivalents

	Group 2023 £000	<i>Group 2022 £000</i>	Company 2023 £000	<i>Company 2022 £000</i>
Cash at bank and in hand	3,153	-	164	89
Less: bank overdrafts	-	(1,307)	-	-
	3,153	(1,307)	164	89

GAP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

20. Creditors: Amounts falling due within one year

	Group 2023 £000	<i>Group 2022 £000</i>	Company 2023 £000	<i>Company 2022 £000</i>
Bank overdrafts (note 19)	-	1,307	-	-
ABL revolving credit facility (note 22)	25,702	19,816	-	-
Trade creditors	40,792	38,587	-	-
Amounts owed to group undertakings	-	-	7,109	7,083
Amounts owed to other participating interests	-	267	-	-
Corporation tax	1,407	-	-	-
Other taxation and social security	3,422	2,735	-	-
Obligations under finance lease and hire purchase contracts (note 23)	4,498	4,631	-	-
Accruals and deferred income	32,322	31,783	60	44
	108,143	99,126	7,169	7,127

Interest is charged at rates between 2.5% and 5.7% (2022: 2.1% and 3.2%) on amounts owed to group undertakings.

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

	Group 2023 £000	<i>Group 2022 £000</i>
ABL credit facility (note 22)	127,289	92,200
Net obligations under finance leases and hire purchase contracts (note 23)	4,128	4,547
	131,417	96,747

Interest is charged at rates between 2.5% and 5.7% (2022: 2.1% and 3.2%) on amounts owed to group undertakings.

GAP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

22. Loans

On 16 September 2019, the group put in place in ABL revolving credit facility for 6 years through to September 2025. The committed facility was for £172m with a further £68m accordion available.

Interest on this facility is charged at SONIA +1.5% across all components of the borrowing base.

In relation to the ABL facility, RBS and the banking club have a floating charge over the assets of the company.

	Group 2023 £000	<i>Group 2022 £000</i>
Amounts falling due within one year		
Bank loans	25,702	19,967
Unamortised facility costs	-	(151)
Amounts falling due 1-2 years		
Bank loans	84,859	37,156
Unamortised facility costs		(277)
Amounts falling due 2-5 years		
Bank loans	42,430	55,321
	152,991	<i>112,016</i>
	152,991	<i>112,016</i>

On 14 July 2023, the group extended the facility stated above for another 6 years to July 2029. The committed facility has increased from £172m to £220m with a further £80m accordion available. The interest charged and floating charge over the assets remain the same.

23. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2023 £000	<i>Group 2022 £000</i>
Within one year	4,498	4,631
Between 1-5 years	4,128	4,546
	8,626	<i>9,177</i>
	8,626	<i>9,177</i>

GAP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

24. Deferred taxation

Group

	2023 £000
At beginning of year	(22,087)
Charged to profit or loss	1,153
Consolidation adjustment - directly in equity	2
Arising on business combinations	(41)
Adjustment in respect of prior periods	(547)
At end of year	(21,520)

Company

	2023 £000
At beginning of year	(34)
Charged to profit or loss	2
At end of year	(32)

The provision for deferred taxation is made up as follows:

	Group 2023 £000	<i>Group 2022 £000</i>	Company 2023 £000	<i>Company 2022 £000</i>
Fixed asset timing differences	(21,677)	(21,682)	-	-
Short term timing differences	46	(405)	(33)	(34)
Non trading timing difference	1	-	1	-
Losses	110	-	-	-
	(21,520)	<i>(22,087)</i>	(32)	<i>(34)</i>

GAP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

25. Share capital

	2023	<i>2022</i>
	£000	<i>£000</i>
Allotted, called up and fully paid		
150,000 (2022 - 150,000) Ordinary shares of £1 each	150	<i>150</i>
	<u>150</u>	<u>150</u>

26. Business combinations

On 30 June 2022, The Group acquired the entire share capital of Mobile Health Systems (UK) Ltd for a cash consideration of £1,357,000.

Acquisition of Mobile Health Systems (UK) Limited

Recognised amounts of identifiable assets acquired and liabilities assumed

	Book value	Fair value
	£000	£000
Fixed Assets		
Tangible fixed assets	190	190
	<u>190</u>	<u>190</u>
Current Assets		
Stocks	66	66
Debtors	355	355
Cash at bank and in hand	18	18
	<u>629</u>	<u>629</u>
Total Assets	629	629
Creditors		
Due within one year	(490)	(490)
Deferred taxation	(41)	(41)
	<u>98</u>	<u>98</u>
Total Identifiable net assets	98	98
Goodwill		1,259
Total purchase consideration		<u>1,357</u>
Consideration		£000
Cash		<u>1,357</u>

GAP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

26. Business combinations (continued)

Cash outflow on acquisition

The goodwill arising on acquisition is attributable to key management personnel and workforce of the acquired businesses, as well as opportunities from the additional product range that the acquisition brings to the Group. The useful life of the goodwill is 5 years and will be written off accordingly in this timeframe. None of the goodwill is expected to be deductible for income tax purposes.

27. Capital commitments

At 31 March 2023 the Group and Company had no capital commitments.

28. Pension commitments

The Group operates a stakeholder defined contribution pension scheme.

The total expense relating to this scheme in the current year was £1,916,000 (2022: £1,605,000). The balance sheet position at year end showed a creditor of £426,000 (2022: £321,000).

29. Commitments under operating leases

At 31 March 2023 the Group had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2023 £000	<i>Group 2022 £000</i>
Not later than 1 year	2,388	<i>2,095</i>
Later than 1 year and not later than 5 years	4,440	<i>4,516</i>
Later than 5 years	882	<i>995</i>
	7,710	<i>7,606</i>

GAP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

30. Related party transactons

The group paid rental amounts for vehicles at market value and other charges to the following company, in which D G Anderson and I M Anderson held a material interest until its sale on 30 September 2022.

	2023	<i>2022</i>
	£000	<i>£000</i>
GAP Vehicle Hire Limited (at the date of disposal)		
Administrative expenses recovered from	382	<i>138</i>
Purchases from	(3,673)	<i>(7,454)</i>
Loan receivables outstanding	2,500	<i>2,500</i>
Trade debtor outstanding	78	<i>117</i>
Trade creditor outstanding	(303)	<i>(267)</i>
	<u> </u>	<u><i> </i></u>

The amounts are repayable on demand and interest is charged at Base Rate + 1%.

Other related parties comprise wholly owned Group companies. Transactions with related parties were carried out at arms-length agreed terms, conditions and prices. The Group and company have taken advantage of the exemption within FRS102 Section 33 paragraph 33.1A from the requirement to disclose transactions with other wholly owned companies within the same group.

The Directors are considered to be key management personnel. Their total remuneration is disclosed in note 8.

31. Ultimate parent company and parent company of larger group

The ultimate ownership of the company is the Anderson family including the directors D G Anderson and I M Anderson who control all the share capital.