Company Registration No. 08473421

AFI Topco Limited

Annual report and Financial Statements

for the year ended 31 December 2018



AFI Topco Limited

Report and financial statements
Year ended 31 December 2018

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AFI Topco Limited

Report and financial statements
Year ended 31 December 2018

Officers and professional advisers

Directors

D C Shipman
N J Selley
D A McNicholas
S J Woodhams
O J T Jones (resigned 13 August 2019)
K Mohanadas (resigned 13 August 2019)
D R Wardrop (resigned 13 August 2019)
J M May (resigned 13 August 2019)

Company secretary

S J Woodhams

Registered office

2nd Floor
West Wing
Diamond House
Diamond Business Park
Thornes Moor Road
Wakefield
WF2 8PT
United Kingdom

Bankers

PNC Business Credit
PNC House
34-36 Perrymount Road
Haywards Heath
West Sussex
RH16 3DN
United Kingdom

Auditor

Deloitte LLP
Statutory Auditor
Leeds
LS1 2AL
United Kingdom

AFI Topco Limited

Strategic Report
Year ended 31 December 2018

We are pleased to report the financial results and strategic review for AFI Topco Limited ("the Company") and its subsidiaries (together "the Group") for the 12 months ended 31 December 2018.

Here are some of the highlights of another successful year:

Financial:

- Group turnover increased to £94.3m (FY17: £91.4m);
- Group EBITDA (before exceptional items) increased to £25.6m (FY17: £23.6m); and
- Group operating profit (before exceptional items) increased to £6.2m (FY17: £5.6m).

Operational:

- Further significant investment in the rental fleet (FY18: £19.2m) in order to support both our commitment to delivering market leading levels of customer service and our ongoing drive to improve operating efficiency; and
- We continue to invest heavily in enhancing the skills and wellbeing of our team and have maintained all of our key external accreditations including Investors In People Gold status, Investors In People Health & Wellbeing, ROSPA (Gold Award) and the Institute of Customer Service's ServiceMark.

2019 & Outlook:

- On 13 August 2019 we completed the acquisition of 100% of the issued share capital of Facelift (GB) Limited ("Facelift") a long established business with a strong heritage in the UK truck mounted powered access rental market;
- The acquisition adds significant scale to our UK operations and has created an opportunity for Rutland Partners LLP ("Rutland") to successfully exit their investment in the Company;
- Funding for the acquisition was provided by PNC Business Credit ("PNC") through an extension of their senior debt facility and Pricoa Private Capital ("Pricoa") who have invested £60m through a combination of long-term debt and equity;
- Trading in the first half of the current year has been robust despite growing economic uncertainty and we expect to report growth in our FY19 financial results as we begin to realise the benefits of the Facelift acquisition; and
- Overall, we continue to believe that the UK and Middle East powered access rental markets offer attractive prospects for carefully managed growth in the medium to longer term.

Strategic Overview

Our strategy as always remains focused on our core principles, which continue to underpin the successful growth of our business:

- Enhancing the skills and wellbeing of our team;
- Delivering a great customer service;
- Improving operating efficiency in order to maximise profitability; and
- Using the strong operating cashflows of the business in order to maintain a well invested rental fleet, reduce our overall underlying level of debt and capitalise on future organic and acquisition opportunities to move our business forward.

We are pleased to report that we have continued to make progress in all of these key areas in 2018, which has enabled us to secure new long term funding and successfully complete the acquisition of Facelift on 13 August 2019.

Strategic Report
Year ended 31 December 2018

Our continuing drive to improve operating efficiency in all areas of the Group has enabled us to report another strong set of trading results for the year:

- Group turnover increased to £94.3m (FY17: £91.4m) with turnover increasing in both the UK and the Middle East;
- Group EBITDA (before exceptional items) increased to £25.6m (FY17: £23.6m);
- Group EBITDA (before exceptional items) margin increased to 27.1% (FY17: 25.8%) driven by an increase in the margin generated by our core rental activities to 34.0% (FY17: 31.6%); and
- Group operating profit (before exceptional items) increased to £6.2m (FY18: £5.6m).

It is important to note that the above results have been achieved against a backdrop of growing economic uncertainty that is creating headwinds in our key markets in both the UK and Middle East.

The progress that we have made in recent years has enabled us to continue to invest heavily in our people, our rental fleet, our customer service and our operating systems, whilst still completing selective acquisitions as and when suitable opportunities arise. None of this progress would be possible without our strong operating cashflows and in the year:

- Net operating cashflow generated by the Group totalled £14.7m (FY17: £20.3m). The reduction in the year reflected a working capital outflow of £5.3m (FY17: £4.1m inflow) as the Group invested in growing turnover (overall increase in debtors: £2.3m) and payments due to equipment suppliers at 31 December 2017 were settled by our resale business (overall decrease in creditors: £4.2m). The latter reduction in creditors was effectively the reversal of a timing benefit that arose as the result of unusually strong resale activity in the final months of 2017;
- Further significant investment in the rental fleet of £19.2m (FY17: £18.2m) has enabled us to maintain our average rental fleet age at 5.7 years (FY17: 5.8 years) in order to support both our ongoing commitment to delivering market leading levels of customer service and our ongoing drive to improve operating efficiency; and
- Our UK resale business performed strongly in the year and our Middle East resale business has continued to make encouraging progress after only being established in January 2017. We view maximising the disposal value of our retired rental machines as an essential prerequisite to running a financially successful modern rental business.

Enhancing the skills and wellbeing of our team remains absolutely central to our ongoing success and we continued to make progress during the year:

- Shortage of skills is undoubtedly one of the biggest challenge that we will face as a business, especially in the UK, in the years ahead. An ageing workforce and the ongoing difficulty of attracting younger people into our industry is a challenge that we face in common with many of our customers, suppliers and competitors. It is, therefore, essential that we continue to invest heavily in developing the skills of our team in order to improve productivity;
- We have continued to recruit apprentices in all areas of our business and it is always rewarding to see ever more of our early apprentices moving into management positions. As we face up to the challenge of attracting younger people into our team the success of our early apprentices is a great example of what can be achieved in our business and they have become valuable role models in this respect;
- If we are going to successfully attract future generations into our team it is important that we not only demonstrate the opportunities available for career progression but that we continue to improve wellbeing. One area of ongoing focus in our training days has been safety awareness. This focus has been recognised yet again by ROSPA (Gold Award) and we are pleased to report that we have now received a ROSPA Gold Medal in recognition of receiving the ROSPA (Gold Award) on 5 consecutive occasions; and

- Elsewhere we continue to focus attention on a number of initiatives designed to lower our carbon footprint in order to improve the wellbeing of our team and our communities as a whole.

Our ongoing focus on delivering a great customer service remains central to our success and we are pleased to report that we have retained the Institute of Customer Service's ServiceMark accreditation, which independently demonstrates an outstanding commitment to customer service. In the year:

- The Group traded with a total of 14,712 customers (FY17: 15,022). The depth and breadth of our customer base is an enormous strength of our business particularly when you consider the growing economic uncertainty that is creating market headwinds in both the UK and Middle East;
- We continued to improve our performance as measured by a comprehensive range of customer service focused key performance indicators ("KPI's"). In a competitive market place it is essential that we continue to improve our customer service offering and invest in supporting this improvement; and
- We have continued to develop our online rental and training ordering systems in the UK. Our online rental system continues to be mainly used by our customers for the opening of new accounts and as a repository of information but we remain convinced that digital disruption is inevitable over time and we will continue to invest heavily in creating industry leading online trading platforms in preparation for the future.

2019 & Outlook

We are pleased to report that on 13 August 2019 we completed the acquisition of 100% of the issued share capital of Facelift a long established business with a strong heritage in the UK truck mounted powered access rental market. Facelift has a rental fleet of over 700 machines and reported turnover of £12.0m and EBITDA of £2.4m in the year ended 31 December 2018. The acquisition takes our total UK rental fleet to over 7,500 machines and significantly strengthens our offering in the self-drive and van mounted platform markets as well as providing an excellent geographic fit to Wilson, our existing UK truck mounted rental business.

The acquisition created an opportunity for Rutland to successfully exit their investment in the Company. Rutland invested over £30m in our business back in May 2013 and we are hugely grateful for their support over the intervening years. During the period of their investment we have been able to successfully double our business in size, broaden our service offering and develop our geographic footprint. We have enjoyed a constructive and successful relationship with Rutland and wish them well in the future.

Funding for the acquisition was provided by PNC through an extension of their senior debt facility and Pricoa who have invested £60m through a combination of long-term debt and equity in a new holding company (AFI Rentals Group Limited), which acquired 100% of the issued share capital of the Company on 13 August 2019. We are very much looking forward to working closely with Pricoa to continue developing and growing our business in the years ahead.

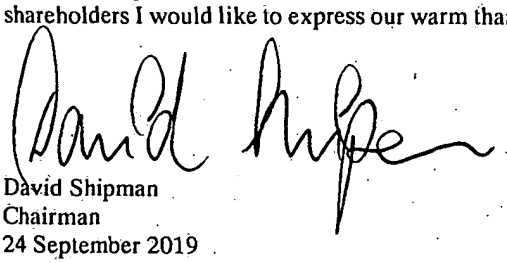
Trading in the first half of the current year has been robust despite growing economic uncertainty creating headwinds in our key markets in both the UK and Middle East. Overall, we expect to report growth in our FY19 financial results as we begin to realise the benefits of the Facelift acquisition and continue to improve operating efficiency. In markets where scale will be increasingly important, we believe that our ongoing focus on providing superior fleet availability supported by great customer service delivered by a committed team has created a strong foundation for the Group to continue prospering.

On a wider level, we continue to believe that the UK and Middle East powered access rental markets offer attractive prospects for carefully managed growth. Just as importantly, we continue to believe that the market forces that have driven the dramatic growth in the use of powered access equipment over the last 25 years, in particular the desire for more efficient and safer methods of working at height, remain firmly in place.

Final Words

It is always important that the last but by no means least important words of this report are dedicated to our team. There is a reason that whenever we reiterate our core principles we place the team in first position. Without them and their ongoing commitment we would not be able to provide a great customer service, which would make improving operating efficiency and generating strong operating cashflows impossible.

They are undoubtedly our greatest asset and our continued success is a direct result of their ability to deal with the daily challenges that we face as a business and do so with a smile on their faces. On behalf of all of the Directors and shareholders I would like to express our warm thanks to every one of them for their ongoing support and commitment.



David Shipman
Chairman
24 September 2019

Directors' report
Year ended 31 December 2018

The directors present their annual report and the audited financial statements for the year ended 31 December 2018.

Principal activities

The principal activity of the Group during the year was the rental and sale of powered access equipment and the provision of ancillary services.

The principal activity of the Company is a holding entity for the Group.

Results and dividends

The results for the year are set out in the profit and loss account on page 12, and discussed in greater detail in the Strategic Report on page 2.

During the year the Company declared dividends of £nil (2017: £nil) and no dividends are proposed.

Directors

The directors who served during the year and up to the date of this report are as follows:-

D C Shipman
N J Selley
D A McNicholas
S J Woodhams
O J T Jones (resigned 13 August 2019)
D R Wardrop (resigned 13 August 2019)
K Mohanadas (resigned 13 August 2019)
J M May (resigned 13 August 2019)

The Company has maintained insurance on behalf of directors and officers of the Company throughout the year and up to the date of this report.

Principal risks and uncertainties

Competitive pressure is a continuing risk for the Group, which could result in price pressure or losing customers. We mitigate this risk through providing a high level of customer service, having fast response times and maintaining strong relationships with our customers.

The Group operates in the Middle East, where there is a risk of governmental decisions impacting on operations in the region. Similarly other political tensions could lead to civil unrest, which could disrupt business operations. The Group addresses this risk by selecting the most appropriate legal structure available to mitigate asset ownership risk and closely manages cash balances and the respective capital bases.

The Group's operations in the Middle East generate revenues and cash flows in currencies which are different to the reporting currency of the Group. Currency exchange rate fluctuations can affect the levels of revenues and cash flows when reported at a Group level in Sterling. This risk is mitigated, where possible, by seeking to match the assets and liabilities denominated in these currencies to provide natural hedges. Where possible cash flows arising in such currencies are utilised to service borrowings and capital investments in the same currency.

The Group carries debt on its balance sheet in order to fund its capital investment activities. Adverse movements in interest rates would lead to an increased interest cost, reducing profits and cash flow. This risk is mitigated by certain elements of the Group's debt being subject to a fixed interest rate and ongoing review and assessment by management as to the appropriateness of using financial instruments.

Existence of branches outside the UK

The company has a branch, as defined in section 1046(3) of the Companies Act 2006, outside the UK as follows:

- Saudi Arabia (Jeddah)

Directors' report
Year ended 31 December 2018

Going concern

The Group delivered an EBITDA of £25.6m (FY17: £23.6m) as a result of strong trading and a full year impact of the acquisition of the business and assets of Kimberly Rentals Group Limited and Kimberly Group Limited, resulting in net cash flows from operating activities of £14.7m (FY17: £20.4m).

The directors believe that the Group is well placed to manage its business risks successfully for the foreseeable future. The Group's forecasts and projections, taking account of the loss for the financial year, net liabilities position (arising from the Group's structural nature of financing and is therefore expected) and reasonable possible changes in trading performance, show that the Group will be able to operate within the level of its current facilities.

The directors, after considering the principal risks and uncertainties discussed above, have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Employees

The Group has an established policy regarding the employment of disabled persons. Full and fair consideration is given to applications for employment made by disabled persons having regard to their particular aptitudes and abilities. Appropriate training is arranged for disabled persons, including retraining for alternative work of employees who become disabled, to promote their career development within the organisation. During the year the Group has maintained and developed its practice of regularly consulting and communicating with its employees.

Future developments

The future developments of the Group are discussed in the Strategic Report on page 2.

"Brexit"

The EU referendum in June 2016 created uncertainty which continues to affected UK business confidence, particularly impacting the timing of large construction projects in the UK and the revenue of the Company in the year.

Disclosure of relevant information to auditor

In the case of each of the persons who are directors of the Company at the date when this report was approved:

- so far as each of the directors is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each of the directors has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information (as defined) and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditor

A resolution to re-appoint Deloitte LLP will be proposed at the annual general meeting.

Approved by the Board of Directors
and signed on behalf of the Board

D C Shipman
Director
24 September 2019

AFI Topco Limited

Directors' responsibilities statement

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

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

- select suitable accounting policies 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

AFI Topco Limited

Independent auditor's report to the members of AFI Topco Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of AFI Topco Limited (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2018 and of ithe group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated profit and loss account;
- the consolidated statement of comprehensive income;
- 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;
- the related notes 1 to 26.

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).

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 Financial Reporting Council's (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 are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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 group's or parent 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.

We have nothing to report in respect of these matters.

Independent auditor's report to the members of AFI Topco Limited

Other information

The directors are responsible for the other information. The other information comprises the information included in the strategic 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 respect of these matters.

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 group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the 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 on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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 any material misstatements in the strategic or directors' report.

Independent auditor's report to the members of AFI Topco Limited

Matters on which we are required to report by exception

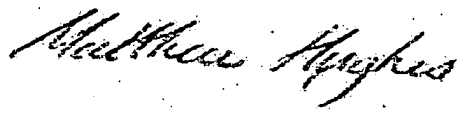
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.

We have nothing to report in respect of these matters.

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.



Matthew Hughes BSc (Hons) ACA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Leeds, United Kingdom
25 September 2019

AFI Topco Limited

Consolidated profit and loss account
Year ended 31 December 2018

	Note	2018 £'000	2017 £'000
Turnover	3	94,294	91,425
Cost of sales		(65,660)	(64,028)
Gross profit		28,634	27,397
Goodwill amortisation	4	(2,210)	(2,124)
Other administration expenses	4	(20,215)	(19,648)
Exceptional items	4	(999)	(4,896)
Total administrative expenses		(23,424)	(26,668)
Operating profit	4	5,210	729
Goodwill amortisation		2,210	2,124
Exceptional items		999	4,896
Operating profit before goodwill amortisation and exceptional items		8,419	7,749
Other finance expenses and similar charges	6	(4,168)	(4,483)
Profit / (loss) before loan note interest and taxation		1,042	(3,754)
Goodwill amortisation		2,210	2,124
Exceptional items		999	4,896
Profit before exceptional items, goodwill amortisation, loan note interest and taxation		4,251	3,266
Loan note interest	6	(9,874)	(8,544)
Loss before taxation		(8,832)	(12,298)
Tax on loss on ordinary activities	7	(572)	(16)
Loss for the financial year		(9,404)	(12,314)

All of the activities of the Group during the year are classified as continuing operations.

The accompanying notes are an integral part of this profit and loss account.

AFI Topco Limited

Consolidated statement of comprehensive income
Year ended 31 December 2018

	2018 £'000	2017 £'000
Loss for the financial year	(9,404)	(12,314)
Unrealised foreign exchange gain / (loss)	761	(1,093)
Total comprehensive loss	(8,643)	(13,407)

AFI Topco Limited

Consolidated balance sheet
As at 31 December 2018

	Note		2018 £'000		2017 £'000
Fixed assets					
Tangible assets	8		89,253		85,465
Goodwill	10		33,080		34,932
			122,333		120,397
Current assets					
Inventories	11		1,736		2,902
Debtors	12		26,540		23,721
Cash at bank and in hand			4,228		5,541
			32,504		32,164
CREDITORS: amounts falling due within one year	13		(30,703)		(29,550)
Net current assets			1,801		2,614
Total assets less current liabilities			124,134		123,011
CREDITORS: amounts falling due after more than one year	14	85,113	(85,113)	85,260	(85,260)
Provision for liabilities					
Deferred taxation	16		(3,259)		(2,865)
Onerous leases	17		(367)		(943)
			(3,626)		(3,808)
Total net assets employed			35,395		33,943
Financed by:					
Loan notes	14	72,783	72,783	62,688	62,688
	14	157,896		147,948	
Ordinary share capital	19		5		5
Share premium account	19		495		495
Foreign exchange reserve	19		2,246		1,485
Profit and loss account	19		(40,134)		(30,730)
Shareholders' deficit			(37,388)		(28,745)
Total financing			35,395		33,943

The consolidated financial statements of AFI Topco Limited, registered number 08473421, were approved by the board of directors and authorised for issue on 24 September 2019.

Signed on behalf of the Board of Directors

D C Shipman
Director

The accompanying notes are an integral part of this balance sheet.

AFI Topco Limited

Company balance sheet
As at 31 December 2018

	Note	2018 £'000	2017 £'000
Fixed assets			
Investments	9	2	2
		2	2
Current assets			
Debtors	12	498	498
Net current assets		498	498
Total net assets employed		500	500
Ordinary share capital	18	5	5
Share premium account	18	495	495
Total shareholders' funds		500	500

The financial statements of AFI Topco Limited, registered number 08473421, were approved by the board of directors and authorised for issue on 24 September 2019. The accompanying notes are an integral part of this balance sheet.

As permitted by Section 408 of the Companies Act 2006, the Company has elected not to present its own profit and loss account and statement of comprehensive income for the year. The Company reported a result of £nil (2017: £nil) before equity dividends of £nil (2017: £nil).

Signed on behalf of the Board of Directors

D C Shipman

Director

AFI Topco Limited

Consolidated statement of changes in equity
Year ended 31 December 2018

	Ordinary share capital £'000	Share premium account £'000	Foreign exchange reserve £'000	Profit and loss account £'000	Equity shareholders' funds £'000
At 1 January 2017	5	495	2,578	(18,415)	(15,337)
Loss for the financial year	-	-	-	(12,315)	(12,315)
Foreign exchange loss	-	-	(1,093)	-	(1,093)
Total comprehensive loss	-	-	(1,093)	(12,315)	(13,408)
At 31 December 2017	5	495	1,485	(30,730)	(28,745)
At 1 January 2018	5	495	1,485	(30,730)	(28,745)
Loss for the financial year	-	-	-	(9,404)	(9,404)
Foreign exchange gain	-	-	761	-	761
Total comprehensive loss	-	-	761	(9,404)	(8,643)
At 31 December 2018	5	495	2,246	(40,134)	(37,388)

The accompanying notes are an integral part of the financial statements.

AFI Topco Limited

Company statement of changes in equity
Year ended 31 December 2018

	Ordinary share capital £'000	Share premium account £'000	Equity shareholders' funds £'000
At 31 December 2017 and 2018	5	495	500

The accompanying notes are an integral part of the financial statements.

AFI Topco Limited

Consolidated cash flow statement
Year ended 31 December 2018

	Note	2018 £'000	2017 £'000
Net cash generated from operating activities	22	14,679	20,318
Cash flows from investing activities			
Interest paid		(3,810)	(4,028)
Purchase of tangible fixed assets		(19,117)	(20,971)
Proceeds from sale of tangible fixed assets		7,515	5,594
Cash consideration for acquisitions		(354)	(16,222)
Cash arising on acquisitions		-	2
Payment of deferred consideration		(439)	-
Net cash used in investing activities		(16,205)	(35,625)
Cash flows from financing activities			
Hire purchase raised	24	5,590	3,553
Repayment of obligations under hire purchase	24	(3,430)	(3,319)
Bank borrowings raised		-	3,313
Repayment of bank borrowings	24	(1,850)	(800)
Net cash generated from financing activities		310	2,747
Net decrease in cash and cash equivalents		(1,215)	(12,560)
Cash and cash equivalents at beginning of year		(56,225)	(43,665)
Non cash movement – amortisation of deal fees		(135)	-
Cash and cash equivalents at end of year		(57,576)	(56,225)

Notes to the consolidated financial statements
Year ended 31 December 2018

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

General information and basis of accounting
AFI Topco Limited is a company incorporated in the United Kingdom under the Companies Act 2006. The Company is a private company limited by shares and is registered in England and Wales. The address of the Company's registered office is shown on page 1. The principal activities of the Company and its subsidiaries and the nature of the Group's operations are set out in the Directors' Report on page 6.
The financial statements have been prepared under the historic cost convention and in accordance with Financial Reporting Standard 102 ("FRS 102") issued by the Financial Reporting Council and the requirements of the Companies Act 2006. The particular accounting policies adopted are described below and have been applied consistently in the current year and prior years.

The functional currency of the Group is considered to be pounds sterling because that is the currency of the primary economic environment in which the Group operates. Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. The results of overseas operations are translated at the average rates of exchange during the year and their balance sheets at the rates ruling at the balance sheet date.

Accounting convention
The financial statements are prepared under the historical cost convention.

Going concern
The financial statements have been prepared on the basis of a going concern as concluded in the Directors' Report on page 6.

Turnover
The turnover shown in the profit and loss account represents amounts invoiced in respect of hire and related activities in the UK and Middle East, exclusive of value added tax. Revenue from the hire of plant is recognised evenly over the rental period and revenue from sales of other related goods and services is recognised at the point of sale. Training revenue is recognised over the period that the training is provided.

Tangible fixed assets
Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on fixed assets to write off the cost of each asset on a straight line over its estimated useful life, to a residual value, at the following annual rates:

Leasehold improvements	3 – 5 years
Other equipment	4 years
Motor vehicles	4 – 5 years
Hire plant	3 – 10 years

An asset is impaired where there is objective evidence that the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

The residual value represents the estimated amounts which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Inventories
Machines purchased for resale, spares and consumables are stated at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Machine stock is held at cost. Spares and consumables stock is measured on a first in first out basis

1. Accounting policies (continued)

Taxation
Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Hire purchase agreements
Assets held under hire purchase agreements are capitalised and depreciated accordingly. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on an actuarial basis.

Finance lease agreements
Assets on a finance lease are recorded in the balance sheet and depreciated accordingly. Future instalments of such leases, net of finance charges, are included within creditors. Interest is charged to the profit and loss account on an actuarial basis.

Financial instruments
Financial assets, including debtors and other receivables, cash and accrued income, are recognised at transaction price. Financial assets are derecognised when (a) the contractual rights to the cash flows from the assets expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party, or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities, including creditors and other payables, overdraft, bank loans and hire purchase liabilities, are initially recognised at transaction price. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expired.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

Operating lease agreements
As lessee: Rentals applicable to operating leases where substantially all of the benefits and risk of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

As lessor: Plant leased to customers under operating leases is included within fixed assets as 'hire plant'. Income from such leases is taken to the profit and loss account on a straight line basis over the period of the operating lease agreements.

1. Accounting policies (continued)

Employee benefits
The Group operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Group. The annual contributions payable are charged to the profit and loss account in the year to which they relate. Contributions of £535,000 (2017: £387,000) were made to this scheme in the year.

Investments
Investments are held at cost less any provision for impairment in value.

Goodwill
Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life of 20 years. The directors believe that this period appropriately reflects the life of the businesses acquired. Goodwill is assessed for indicators of impairment on an ongoing basis.

Basis of consolidation
The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 December each year. Business combinations are accounted for under the purchase method. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Impairment of assets
Assets are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets
An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Financial assets
For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying 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.

Areas of judgement and sources of estimation uncertainty that have the most significant effect on the amounts recognised in the financial statements are:

Depreciation rates of tangible assets (critical accounting judgement)

The Group estimates the average useful economic life for each individual asset class. The useful economic lives are reviewed regularly against the policy to ensure that the depreciation charge is closely matched to the benefits obtained over the life of the asset.

Amortisation and impairment of goodwill (critical accounting judgement)

The Group amortises goodwill over its useful economic life. After taking into account internal and external factors which may affect the life of the goodwill, management estimates this to be 20 years.

Trade debtor provisions (key source of estimation uncertainty)

Management provides for debts based on a combination of age and other known factors which might affect the recoverability of the debtor. The provision rates used are reassessed regularly against recovery statistics.

3. Turnover

The turnover and profit before tax are attributable to the principal activity of the Group. An analysis of turnover is given below:

	2018 £'000	2017 £'000
United Kingdom	79,226	77,232
Middle East	15,068	14,193
Total	94,294	91,425

	2018 £'000	2017 £'000
Rental of hire plant	50,637	48,475
Rental ancillary services	20,086	21,330
Resale	23,571	21,620
Total	94,294	91,425

Notes to the consolidated financial statements
Year ended 31 December 2018

4. Operating profit

Operating profit is stated after charging/(crediting):	2018 £'000	2017 £'000
Depreciation on unencumbered assets	14,711	13,941
Depreciation on assets held under hire purchase agreement	2,432	1,865
Goodwill amortisation	2,210	2,124
Exceptional items *	999	4,896
Profit on disposal of fixed assets	(4,558)	(2,298)
Cost of machines purchased for resale	20,086	18,711
Impairment of trade debtors recognised as an expense	561	475
Operating lease costs:		
Land and buildings	2,544	2,503
Plant and equipment	385	368
Vehicles	56	155
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	28	27
Fees payable for the audit of the Company's subsidiaries	53	54
Total auditors remuneration – audit services	81	81

* Exceptional items in the current year largely relate to business rationalisation expenses following the acquisition of Kimberly Rentals Group Limited and Kimberly Group Limited in 2017.

Exceptional items in the prior year largely relate to one-off expenses arising as a result of the acquisition of the trade and assets of Kimberly Rentals Group Limited and Kimberly Group Limited and include the cash costs of both redundancy and aligning rental fleet standards and the provision for onerous leases.

5. Information regarding directors and employees

The directors' aggregate emoluments in respect of qualifying services were:

	2018 £'000	2017 £'000
Emoluments receivable	875	867
Company contributions to money purchase pension schemes	64	59
	939	926

During the year retirement benefits were accrued to 4 directors (2017: 4 directors) in respect of defined contribution pension schemes. The Company considers these 4 directors to be the key management personnel.

	2018 £'000	2017 £'000
Remuneration of highest paid director	241	233
Pension contribution of highest paid director	4	17
	245	250

The average number of staff employed by the Group during the year was:

	2018 £'000	2017 £'000
Operations	525	506
Administration	136	120
	661	625

The aggregate payroll costs of the above were:

	2018 £'000	2017 £'000
Wages and salaries	22,820	21,922
Social security costs	2,199	2,010
Other pension costs	535	387
	25,554	24,319

6. Finance costs and similar expenses

	2018 £'000	2017 £'000
Interest payable on bank borrowing	2,878	3,253
Finance charges on finance leases and HP contracts	932	838
Amortisation of debt issue costs	358	392
Other finance costs and similar expenses	4,168	4,483
Loan note interest	9,874	8,544
	14,042	13,027

7. Tax on loss

	2018 £'000	2017 £'000
Current tax on loss		
UK corporation tax on the loss for the year	-	-
Adjustments for prior periods	3	(7)
Overseas corporation tax on the profit for the year	175	104
Total current tax	178	97
Deferred taxation		
Origination and reversal of temporary timing differences (note 16)	529	(283)
Adjustments in respect of prior periods (note 16)	(135)	202
Total deferred tax	394	(81)
Total tax on loss	572	16

The UK corporation tax rate reduced to 19% effective from 1 April 2017, with a further reduction to 17% effective 1 April 2020. Disclosure of deferred tax has been adjusted to reflect the enactment of the revised rates. Any rate changes that are not substantively enacted at the balance sheet date are not recognised in these financial statements.

	2018 £'000	2017 £'000
Loss before taxation	(8,832)	(12,298)
Tax on loss at average standard UK corporation tax rate of 19.00% (2017: 19.25%)	(1,678)	(2,368)
Effects of:		
Expenses not deductible for taxation purposes	1,521	2,233
Adjustment in respect of prior years	(132)	195
Temporary timing differences	68	37
Capital gains / (losses)	299	-
Deferred tax not recognised	576	-
Tax not at UK standard charge	(82)	(81)
Total tax charge for the year	572	16

Notes to the consolidated financial statements
Year ended 31 December 2018

8. Tangible fixed assets

Group

	Leasehold Improvements £'000	Hire plant £'000	Motor vehicles £'000	Other equipment £'000	Total £'000
Cost					
At 1 January 2018	2,364	134,457	8,425	5,657	150,903
Additions	356	19,202	2,578	607	22,743
Disposals	-	(9,951)	(1,452)	(22)	(11,425)
Foreign exchange movement	3	1,997	(31)	91	2,060
At 31 December 2018	2,723	145,705	9,520	6,333	164,281
Depreciation					
At 1 January 2018	1,652	55,366	3,817	4,603	65,438
Charge for the year	288	14,554	1,616	685	17,143
Disposals	-	(7,471)	(988)	(9)	(8,468)
Foreign exchange movement	2	857	(2)	58	915
At 31 December 2018	1,942	63,306	4,443	5,337	75,028
Net book value					
At 31 December 2017	712	79,091	4,608	1,054	85,465
At 31 December 2018	781	82,399	5,077	996	89,253

Hire purchase and finance lease agreements

Included within the net book value is £14,459,000 (2017: £10,376,000) relating to assets held under hire purchase and finance lease agreements.

The Company has no hire purchase or finance lease agreements.

Notes to the consolidated financial statements
Year ended 31 December 2018

9. Investments

Company	Shares in subsidiary undertaking £'000
Cost	
At 1 January 2018 and 31 December 2018	2
Impairment provision	
At 1 January 2018 and 31 December 2018	-
Net book value	
At 1 January 2018 and 31 December 2018	2

The Company owns 100% of AFI Midco Limited, who in turn own 100% of AFI Bidco Limited, who in turn own 100% of AFI Holdings Limited.

AFI Holdings Limited own 100% of AFI-Uplift Limited (who in turn own 100% of Findmytraining.co.uk Limited (who in turn own 100% of Alan Drew Limited), 100% of Hi-Lift Equipment Limited, 100% of Altitude Access Limited, 100% of Hampshire Plant & Access Limited, 100% of Rapid Platforms Limited and 100% of 1st Access Rentals Limited).

AFI Holdings Limited also owns 100% of Uplift Power Platforms Limited (who in turn own 100% of Uplift Power Platforms Trustee Company Limited), Hi-Reach Limited (who in turns own 50% of North East Access Limited), Central Access Limited, AJ Rentals Limited, Aerials for Industry Limited, UTN Training Limited, AFI Aerial Platforms Limited, Instant Training Limited, Light Hire Limited, Integrated Training Solutions Limited, Wilson Access Hire Limited, SDB Rental Limited (who in turn own 49% of Access Rental Gulf LLC, 49% of Powered Access Platforms Bahrain WLL and 49% of Access Rental Gulf (Qatar) LLC) and AJ Access Holdings Limited (who in turn own 100% of AJ Access Platforms Limited). AFI Holdings Limited also owns directly 50% of North East Access Limited.

Whilst SDB Rental Limited has a 49% interest in the shares of Access Rental Gulf LLC, Powered Access Platforms Bahrain WLL and Access Rental Gulf (Qatar) LLC it has a right to give direction to all of these companies with respect to their operating and financial policies and is considered to have control. As such it treats all three entities as wholly owned subsidiaries for the Group's accounting purposes.

All companies are incorporated in the United Kingdom, with the exception of SDB Rental Limited which is incorporated in the Republic of Ireland, Access Rental Gulf LLC which is incorporated in the United Arab Emirates, Powered Access Platforms Bahrain WLL which is incorporated in Bahrain and Access Rental Gulf (Qatar) LLC which is incorporated in Qatar.

All companies incorporated in the United Kingdom are registered at 2nd Floor, West Wing, Diamond House, Diamond Business Park, Thornes Moor Road, Wakefield, WF2 8PT.

SDB Rental Limited is registered at 3 Burlington Road, Ballsbridge, Dublin 4.

Access Rental Gulf LLC is registered at Plot 368-318, Al Quoz Industrial Area 3, Dubai, UAE.

Powered Access Platforms Bahrain WLL is registered at W261, Road No. 303, Block No. 603, Mahazza, Manama, Bahrain.

Access Rental Gulf (Qatar) LLC is registered at Office 105, Regus Business Centre, Al Jaidah Square, Area 63, Airport Road, PO Box 55743, Doha, Qatar.

The only trading businesses within the Group are AFI-Uplift Limited, Integrated Training Solutions Limited, Access Rental Gulf LLC, Powered Access Platforms Bahrain WLL, Access Rental Gulf (Qatar) LLC and AJ Access Platforms Limited. The business activities of these companies relate to the hiring of powered access equipment, sales of such equipment and ancillary services.

10. Goodwill

Group	£'000
Cost	
At 1 January 2018	43,861
Revision to prior year goodwill	331
Foreign exchange movement	27
At 31 December 2018	44,219
Amortisation	
At 1 January 2018	(8,929)
Amortisation charge for the year	(2,210)
At 31 December 2018	(11,139)
Net book value	
At 31 December 2017	34,932
At 31 December 2018	33,080

The revision to prior year goodwill arose as a result of the finalisation of fair value adjustments related to prior year acquisitions.

There is no goodwill on the Company balance sheet.

11. Inventories

Group	2018 £'000	2017 £'000
Machines purchased for resale	1,158	2,557
Spares and consumables	578	345
	1,736	2,902

There is no material difference between the balance sheet value of inventories and their replacement cost.

There are no inventories on the Company balance sheet.

12. Debtors

Amounts falling due within one year:	Group 2018 £'000	Company 2018 £'000	Group 2017 £'000	Company 2017 £'000
Trade debtors	23,001	-	20,399	-
Amounts owed by group undertakings	-	498	-	498
Prepayments and accrued income	3,539	-	3,322	-
	26,540	498	23,721	498

No interest is charged on intercompany balances and they are due for repayment on demand.

Notes to the consolidated financial statements
Year ended 31 December 2018

13. Creditors: amounts falling due within one year

	Group 2018 £'000	Group 2017 £'000
Trade creditors	19,401	19,511
Hire purchase agreements	4,142	2,925
Other tax and social security	1,249	1,113
Other creditors	69	56
Accruals and deferred income	5,842	5,506
Deferred consideration	-	439
	30,703	29,550

The Company has no creditors falling due within one year.

14. Creditors: amounts falling due after one year

	Group 2018 £'000	Group 2017 £'000
Loan notes	72,783	62,688
Asset based lending facility	61,804	61,766
Hire purchase agreements	8,584	6,919
Bank borrowings	14,725	16,575
	157,896	147,948

All hire purchase agreements are secured against the relevant assets held.

£36,391,500 of the loan notes are secured by a floating charge over the assets of the Group, whilst the remaining £36,391,500 are unsecured. They bear an interest cost of 15% per annum, which is accrued and payable on redemption. The loan notes and accrued interest are redeemable in 2021.

Bank borrowings are secured against the Group's UK fixed asset base and trade receivable balances and mature on 16 July 2022.

The Company has no creditors falling due after one year.

15. Commitments under hire purchase agreements

Future commitments under hire purchase agreements of the Group are as follows:

	2018 £'000	2017 £'000
Amounts payable within 1 year	4,142	2,925
Amounts payable between 1 and 2 years	3,670	2,923
Amounts payable between 2 and 5 years	4,914	3,995
	12,726	9,843

16. Deferred taxation

	2018 £'000	2017 £'000
Group		
Balance brought forward	2,865	2,946
Charged to profit and loss account	529	(283)
Adjustment in respect of prior years	(135)	202
Balance carried forward	3,259	2,865

The amounts of deferred taxation provided at 31 December 2018 were as follows:

	2018 £'000	2017 £'000
Excess of capital allowances over depreciation on fixed assets	3,259	2,865

The amounts of deferred taxation calculated on accelerated capital allowances less accumulated losses of £nil was £3,259,000 at 31 December 2018.

The value of unrecognised deferred tax assets is £576,000 (2017: £nil).

17. Provisions for liabilities

	2018 £'000	2017 £'000
Group		
Balance brought forward	943	-
Charged to profit and loss account	-	1,216
Utilisation of provision	(576)	(273)
Balance at carried forward	367	943

The onerous lease provision will unwind matching the economic outflow of the property leases, relating to depots closed as part of the operational savings realised on the Kimberly Rentals Group Limited and Kimberly Group Limited acquisition in 2017.

18. Financial instruments

	2018		2017	
	Group £'000	Company £'000	Group £'000	Company £'000
Financial assets				
Financial assets measured at amortised cost	30,768	498	29,262	498
Financial liabilities				
Financial liabilities measured at amortised cost	114,948	-	113,482	-

Financial assets measured at amortised cost comprise cash, trade debtors and amounts owed by group companies.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, hire purchase agreements, accruals, bank overdrafts and bank borrowings.

19. Called up share capital and reserves

Group and Company	2018 £'000	2017 £'000
Authorised		
500,000 Ordinary shares	5	5
Allotted, called up and fully paid		
500,000 Ordinary shares of 1p per share	5	5

The Company's share capital includes 252,450 A Ordinary shares (issued to Rutland Partners LLP) and 247,550 B Ordinary shares (issued to the Group's management). The two classes of share rank pari passu in all respects.

The Group and Company's other reserves are as follows:

The share premium account contains the premium arising on the issue of equity shares, net of issue expenses.

The profit and loss account represents cumulative profits or losses net of dividends paid and other adjustments.

The foreign exchange reserve represents the unrecognised foreign exchange gain.

Notes to the consolidated financial statements
Year ended 31 December 2018

20. Related party transactions

Five of the group directors in the year have a beneficial interest in the freehold of a property, which is held via their self-invested personal pension plans (SIPPs) and administered by Barnett Waddingham. This is leased to AFI-Uplift Limited on an arms length basis. The amounts transacted in the year were £43,421 (2017: £41,060) and at 31 December 2018 the balance owed was £10,855 (2017: £1,180).

At 31 December 2018 following transactions in the year of £38,049 (2017: £31,707), AFI-Uplift Limited owed £9,512 (2017: £9,512) to Bradley Court Property Limited, a company related to AFI-Uplift Limited through common group directors and shareholders D. McNicholas, N. Selley, R. Saunders, N. Higgins, G. Osmond and Y. Shipman (wife of D. Shipman).

At 31 December 2018 following transactions in the year of £80,000 (2017: £80,000), AFI-Uplift Limited owed £24,000 (2017: £24,000) to Normandy Park Property Limited, a company related to AFI-Uplift Limited through common group directors and shareholders D. McNicholas, N. Selley, R. Saunders, N. Higgins, G. Osmond and Y. Shipman (wife of D. Shipman).

At 31 December 2018 following transactions in the year of £214,276 (2017: £367,618), AFI-Uplift Limited owed £14,020 (2017: £39,523) to IT2 Limited, a company related to AFI-Uplift Limited through a common director and shareholder; D. Shipman.

The Group incurred management fees of £120,000 (2017: £120,000) payable to Rutland Partners LLP. The balance owed at 31 December 2018 was £38,477 (2017: £30,354).

Loan note interest of £6,971,000 was accrued to Rutland Partners LLP during the year (2017: £6,032,000) resulting in year end loan notes payable of £51,764,000 (2017: £44,793,000).

21. Commitments under operating leases

At 31 December the Group had total future minimum lease payments under non-cancellable operating leases as follows:

	2018		2017	
	Land and Buildings £'000	Other Items £'000	Land and buildings £'000	Other items £'000
Operating leases which expire:				
Not later than 1 year	241	28	658	42
Later than 1 year and no later than 5 years	4,841	385	2,985	173
Later than 5 years	3,522	-	4,667	-
	8,604	413	8,310	215

Notes to the consolidated financial statements
Year ended 31 December 2018

22. Reconciliation of operating profit to net cash inflow from operating activities

	2018 £'000	2017 £'000
Operating profit before exceptional items	6,209	5,625
Exceptional items*	(999)	(4,896)
Depreciation on tangible fixed assets	17,143	15,806
Amortisation of goodwill	2,210	2,124
Profit on disposal of tangible fixed assets	(4,558)	(2,298)
Taxation	-	(167)
Operating cash flow before movement in working capital	20,005	16,194
Decrease/(increase) in inventories	1,177	(80)
(Increase)/decrease in debtors	(2,297)	195
(Decrease)/increase in creditors	(4,206)	4,009
Cash generated by operations	14,679	20,318

* Exceptional items in the current year largely relate to business rationalisation expenses following the acquisition of Kimberly Rentals Group Limited and Kimberly Group Limited in 2017.

23. Reconciliation of net cash flow to movement in net debt

	2018 £'000	2017 £'000
Decrease in cash in the year	1,216	12,560
Net cash flow in respect of bank borrowings and deferred consideration	(2,289)	2,951
Net cash flow in respect of hire purchase agreements	2,160	235
Change in net debt resulting from cash flows	1,087	15,746
Non cash flow movements	858	(724)
HP financing acquired with subsidiaries	-	-
Net debt movement during the year	1,945	15,022
Net debt at start of year	83,082	68,060
Net debt at end of year	85,027	83,082

Notes to the consolidated financial statements
Year ended 31 December 2018

24. Analysis of changes in net debt

	At 1 January 2018 £'000	Cash flows £'000	Non cash flow movement £'000	At 31 December 2018 £'000
Net cash:				
Cash in hand and at bank	(5,541)	1,313	-	(4,228)
Asset based lending facility	61,766	(97)	135	61,804
	56,225	1,216	135	57,576
Bank borrowings	16,575	(1,850)	-	14,725
Deferred consideration	439	(439)	-	-
Hire purchase agreements	9,843	2,160	723	12,726
Net debt	83,082	1,087	858	85,027

The table above represents third party net debt. Loan notes issued to shareholders are therefore excluded.

25. Post balance sheet events

On 13 August 2019 the entire share capital of AFI Topco Limited was purchased by AFI Rentals Group Limited. As described in the Strategic Report, Rutland Partners LLP sold their equity stake in AFI Topco Limited to the management team supported by Pricoa Private Capital, who invested £60 million in the transaction.

On the date that AFI Rentals Group Limited purchased AFI Topco Limited, AFI Midco Limited had £80.2m of Loan Notes, of which £41.7 million of loan note capital & interest was repaid, with £11.5 million of loan note capital & interest exchanged for preferred ordinary shares in AFI Rentals Group Limited and £27.0 million of loan note interest written off.

Coterminous to the acquisition of AFI Topco Limited, AFI-Uplift Limited acquired the entire share capital of Facelift (GB) Limited. The trade and assets of Facelift (GB) Limited were transferred to AFI-Uplift Limited at book value and settled via the intercompany account. Rental equipment with a provisional NBV of £12 million was transferred.

In the year ended 31 December 2018 Facelift (GB) Limited had a turnover and EBITDA of £12.0 million and £2.4 million respectively. The acquisition was financed by the Group's banking facilities with PNC Business Credit. The pro-forma annual revenues for the enlarged group for the year ended 31 December 2018 was £106 million.

26. Controlling party

In the opinion of the directors, the Company's ultimate parent Company during the year ended 31 December 2018 and upto 13 August 2019 was Rutland Fund II LP and Rutland Fund II CCLP, each of which acted by their manager Rutland Partners LLP, incorporated in Great Britain. The parent undertaking of the largest and smallest group during the year ended 31 December 2018, which includes the Company and for which group accounts are prepared, is AFI Topco Limited, incorporated in Great Britain (Registered Office: 2nd Floor, West Wing, Diamond House, Diamond Business Park, Thornes Moor Road, Wakefield, WF2 8PT, United Kingdom). Copies of the group financial statements of AFI Topco Limited are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.

On 13 August 2019, as part of the acquisition of AFI Topco Limited by AFI Rentals Group Limited as described in the Strategic Report, the Company's immediate parent company became AFI Rentals Group Limited, incorporated in Great Britain (Registered Office: 2nd Floor, West Wing, Diamond House, Diamond Business Park, Thornes Moor Road, Wakefield, WF2 8PT, United Kingdom) and its ultimate parent company and controlling party became AFI Rentals Group Limited.