

Company Registration No. 10215607 (England and Wales)

LIFTERZ HOLDINGS LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
31 DECEMBER 2016

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LIFTERZ HOLDINGS LIMITED

COMPANY INFORMATION

Directors	B Bowers M Bowers P W E Leoni Sceti Q Wilson
Company number	10215607
Registered office	Milner Way Ossett West Yorkshire WF5 9JE
Auditor	RSM UK Audit LLP Chartered Accountants 1 St James' Gate Newcastle upon Tyne NE1 4AD

LIFTERZ HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2016

The directors present the strategic report for the period ended 31 December 2016.

Fair review of the business

Lifterz Holdings Limited was incorporated on 6 June 2016 to act as holding company for the shareholders of Lifterz Limited. The share restructuring took place in August 2016 following which Lifterz Holdings Limited acquired 100% of the share capital of LSG Industrials Limited as well as the direct shareholding held by B Bowers and Q Wilson in Lifterz Limited.

In 2016 the group has seen steady growth in line with management's budgets, with improvements being made on both top line and bottom line profitability. Total revenues for 2016 were £5,002,629, EBITDA for the period was £1,293,692 and our net result for the period before tax was £243,195. The group closed the year with a fleet of platforms just short of 1,000 units after significant levels of capital spending on the hire fleet. Whilst all divisions have seen good growth over the period, capital sales activity increased significantly with disposals of both stock items and hire fleet machines contributing nearly £183,847 to turnover. Non capital intensive sales (such as training and servicing) continue to grow organically and in line with the rest of the business.

Future developments

At the point of writing 2017 is off to a strong start with very encouraging Q1 results. Our market continues to show signs of positive growth and results to date are either in line or above managements' expectations.

Principal risks and uncertainties

The management of the business and the execution of the group's strategy are subject to a number of risks. These risks are reviewed, monitored and managed by the directors regularly, using well proven policies and procedures.

The key risks and uncertainties affecting the group are considered to be:

- **Changes in the cost of capital and access to bank funding.** The group relies on a significant number of credit facilities in order to fund its capital investment plans and, ultimately, its growth. A significant rise in interest rates or a reduction in available facilities could impact the group's growth prospects. The directors continually monitor the group's access to funding and work with a number of different funders in securing the necessary facilities. A large portion of the group's existing funding is on fixed rate interest rates, which minimises its exposure to interest rate volatility. All funding required for 2017's capital spending has already been secured and directors are in touch with key funders on a very regular basis to plan for capital spending at least 12 months ahead;
- **Changes that affect the construction, manufacturing and infrastructure markets in the UK.** As the group's services target primarily those three markets, any changes such as government policy shifts on infrastructure spending, housing regulations that impact the construction sector or changes in regulations, tax and policies affecting our manufacturing industry would have a direct impact on demand for our services, affecting our turnover and ultimate profitability. To mitigate such risk, the group looks to diversify its client base to different sectors, including M&E contractors, maintenance & service companies and occasional end users;
- **The retention of key staff.** In the service sector key staff are fundamental to the profitable delivery of the group's services. The group's directors have established an industry leading incentive and bonus based scheme designed to both retain key staff and improve their performance by aligning their interests with those of the group. Active recruitment of talent across the industry is one of management's top priorities.

LIFTERZ HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2016

Key performance indicators

By producing a comprehensive set of monthly management information, the directors are able to monitor and manage KPIs across the business on both an operational and financial level. From an operational point of view, management monitor the following KPIs of the group's trading entity, Lifterz Limited:

- Fleet utilisation rates, with a KPI target of 68% (2016 average of 70% compared to 2015 average of 69%);
- Daily hire revenue figures (2016 average of £21,544 compared to 2015 average of £18,580).

These are circulated on a daily basis, allowing for optimum management and dislocation of the company's fleet across its three depots.

Key financial metrics linked to both top line results and bottom-line profits are assessed on a monthly basis. These include:

- Rehire margins, with a KPI target of 18% (2016: 18.2% compared to 2015: 16.6%);
- Transport recovery rates with a KPI target of 80% (2016: 84.6% compared to 2015: 82.0%);
- Monthly return on book value of hire fleet, with a KPI target of 5% (2016 average: 5.64% compared to 2015 average: 5.61%);
- Gross margins with a KPI target of 58% (2016: 57.1% compared to 2015: 58.3%);
- Financial debt gearing as a percentage of total assets, with a KPI target of 45% (2016: 42.8% compared to 2015: 36.4%).

The directors are confident that such strict and recurring KPI monitoring ultimately allows for a better management of the business.

On behalf of the board



P W E Leoni Sceti
Director

25/04/2017

LIFTERZ HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2016

The directors present their annual report and financial statements for the period ended 31 December 2016.

Incorporation

The company was incorporated on 6 June 2016.

Principal activities

The principal activity of the company is that of a holding company and the principal activity of the group during the period was that of hire and sale, service, repair and testing of powered access equipment and provision of related training courses.

Directors

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

B Bowers	(Appointed 31 August 2016)
M Bowers	(Appointed 6 June 2016)
P W E Leoni Sceti	(Appointed 31 August 2016)
Q Wilson	(Appointed 31 August 2016)

Results and dividends

The results for the period are set out on page 7.

No ordinary dividends were paid.

Supplier payment policy

The group's policy is to pay third party suppliers generally at the end of the month following that in which the supplier's invoice is received. The company's policy with regard to related party suppliers is generally during the third month following that which the supplier's invoice is received. These policies are made known to the staff that handle payments to suppliers and are made known to all suppliers on request.

Auditor

RSM UK Audit LLP were appointed on 22 February 2017 to fill a casual vacancy. RSM UK Audit LLP have indicated their willingness to be reappointed for another term.

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Financial risk management objectives and policies

The group continues to work with its customers and suppliers at all levels; we monitor exposure to raw material costs, customer contracts and demands. We continue to maintain good credit control. In 2017 the group will aim to continue with the review and development of internal processes to achieve supply chain efficiencies and ensure stock is driven towards optimum levels for the business model. In addition as stable sales and production levels are achieved the group will continue to improve to gain stronger control of production and stock management efficiencies.

The cash flows and forecasts of the group are continually reassessed based on current order intake and outstanding orders levels. As order levels fluctuate actions are taken by the management of the group to ensure that it remains profitable and can meet all its financial liability obligations as they fall due.

LIFTERZ HOLDINGS LIMITED

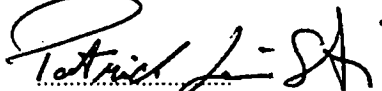
DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2016

Strategic report

Please refer to the strategic report on pages 1 and 2 of these financial statements for a review of the group's performance for the year and its key performance indicators, together with the principal risks and uncertainties facing the group.

On behalf of the board



P W E Leoni Sceti

Director

25/04/2017

LIFTERZ HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2016

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

Company law requires the directors to prepare financial statements for each financial year. Under that law 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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LIFTERZ HOLDINGS LIMITED

Opinion on financial statements

We have audited the group and parent company financial statements (the "financial statements") on pages 7 to 31. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2016 and of the group's profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Scope of the audit of the financial statements

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements and, based on the work undertaken in the course of our audit, the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

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

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

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.



Steven Cleugh (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

1 St James' Gate

Newcastle upon Tyne

NE1 4AD

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LIFTERZ HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2016

		Period ended 31 December 2016 £
	Notes	
Turnover	3	5,002,629
Cost of sales		(2,186,753)
Gross profit		2,815,876
Administrative expenses		(2,363,785)
Operating profit	4	452,091
Interest payable and similar expenses	8	(208,896)
Profit before taxation		243,195
Taxation	9	(78,717)
Profit for the financial period	24	164,478

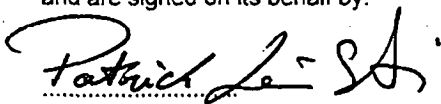
Profit for the financial period is all attributable to the owners of the parent company.

Total comprehensive income for the period is all attributable to the owners of the parent company.

LIFTERZ HOLDINGS LIMITED**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2016**

	Notes	2016 £	£
Fixed assets			
Goodwill	10		74,177
Negative goodwill	10		(407,290)
Net goodwill			(333,113)
Other intangible assets	10		482,020
Total intangible assets			148,907
Tangible assets	11		10,987,017
			11,135,924
Current assets			
Stocks	14	559,261	
Debtors	15	2,642,740	
Cash at bank and in hand		963,967	
		4,165,968	
Creditors: amounts falling due within one year	16	(6,691,126)	
Net current liabilities			(2,525,158)
Total assets less current liabilities			8,610,766
Creditors: amounts falling due after more than one year	17		(6,365,435)
Provisions for liabilities	21		(735,446)
Net assets			1,509,885
Capital and reserves			
Called up share capital	23		1,638
Merger reserve	24		1,343,769
Profit and loss reserves	24		164,478
Total equity			1,509,885

The financial statements were approved by the board of directors and authorised for issue on 25/04/2017 and are signed on its behalf by:

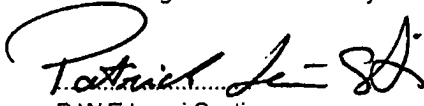

P W E Leoni Sceti
Director

LIFTERZ HOLDINGS LIMITED**COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016**

	Notes	2016 £	£
Fixed assets			
Investments	12		5,440,110
Current assets			
Debtors	15	2,260,732	
Creditors: amounts falling due within one year	16	(84,965)	
Net current assets			<u>2,175,767</u>
Total assets less current liabilities			<u>7,615,877</u>
Creditors: amounts falling due after more than one year	17	(2,677,656)	
Net assets			<u><u>4,938,221</u></u>
Capital and reserves			
Called up share capital	23		1,638
Merger reserve	24		5,006,050
Profit and loss reserves	24		(69,467)
Total equity			<u><u>4,938,221</u></u>

As permitted by section 408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group accounts. The company's loss for the year was £69,467.

The financial statements were approved by the board of directors and authorised for issue on 25/04/2017 and are signed on its behalf by:


P W E Leoni Sceti
Director

LIFTERZ HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2016

	Notes	Share capital £	Merger reserve £	Profit and loss reserves £	Total £
Period ended 31 December 2016:					
Profit and total comprehensive income for the period		-	-	164,478	164,478
Issue of share capital	23	1,638	1,343,769	-	1,345,407
Balance at 31 December 2016		<u>1,638</u>	<u>1,343,769</u>	<u>164,478</u>	<u>1,509,885</u>

LIFTERZ HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2016

	Notes	Share capital £	Merger reserve £	Profit and loss reserves £	Total £
Period ended 31 December 2016:					
Loss and total comprehensive income for the period		-	-	(69,467)	(69,467)
Issue of share capital	23	1,638	5,006,050	-	5,007,688
Balance at 31 December 2016		<u>1,638</u>	<u>5,006,050</u>	<u>(69,467)</u>	<u>4,938,221</u>

LIFTERZ HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2016

	Notes	2016 £	£
Cash flows from operating activities			
Cash generated from/(absorbed by) operations	28	2,270,223	
Interest paid		(208,896)	
Income taxes paid		(145,663)	
Net cash inflow/(outflow) from operating activities			1,915,664
Investing activities			
On acquisition of subsidiaries		133,601	
Purchase of tangible fixed assets		(518,760)	
Proceeds on disposal of tangible fixed assets		79,720	
Net cash used in investing activities			(305,439)
Financing activities			
Repayment of borrowings		(14,233)	
Repayment of bank loans		(71,386)	
Payment of finance leases obligations		(560,639)	
Net cash used in financing activities			(646,258)
Net increase in cash and cash equivalents			963,967
Cash and cash equivalents at beginning of period			-
Cash and cash equivalents at end of period			963,967

LIFTERZ HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

1 Accounting policies

Company information

Lifterz Holdings Limited ("the company") is a private company limited by shares, and is registered, domiciled and incorporated in England and Wales. The registered office is Milner Way, Ossett, West Yorkshire, WF5 9JE.

The group consists of Lifterz Holdings Limited and all of its subsidiaries.

The company's and the group's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Basis of consolidation

The consolidated financial statements incorporate those of Lifterz Holdings Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2016.

All intra-group transactions and balances between group companies are eliminated on consolidation.

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

Going concern

The directors have prepared the financial statements on the going concern basis. The directors have noted the recent performance trends and the continuing support of the company's major funders and related undertakings, which gives them confidence that the company will continue to meet its liabilities as they fall due.

The directors have prepared forecasts which show the company's operating cash flows to be sufficient to fund the company's existing working capital requirements for the foreseeable future. Consequently the directors believe that it is appropriate to prepare the financial statements on a going concern basis.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for sale and hire of goods and for services provided in the ordinary nature of the business in respect of the year. Turnover is shown net of Value Added Tax.

LIFTERZ HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2016

1 Accounting policies (Continued)

Intangible fixed assets - goodwill

Goodwill representing the excess of the purchase price over the fair value of net assets of undertakings acquired is capitalised in the balance sheet.

Negative goodwill arises when the cost of a business combination is less than the fair value of the identifiable assets, liabilities and contingent liabilities acquired. The amount up to the fair value of the non-monetary assets acquired is credited to profit or loss in the period in which those non-monetary assets are recovered. Negative goodwill in excess of the fair values of the non-monetary assets acquired is credited to profit or loss in periods expected to benefit, which the directors consider to be 10 years.

Amortisation

Amortisation is calculated so as to write off the cost of an intangible fixed asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill	10 years straight line
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Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Website and training centre	4 years straight line
Marketing and customer lists	10 years straight line

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold property improvements	over term of lease
Hire fleet	10 years straight line
Fixtures and fittings	4 years straight line
Motor vehicles	25% reducing balance
Equipment and depot maintenance	4 years straight line

Residual value is calculated on prices prevailing at the date of the acquisition or revaluation.

Fixed asset investments

In the separate accounts of the company, interests in subsidiaries are initially measured at valuation and subsequently measured at valuation less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

LIFTERZ HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2016

1 Accounting policies (Continued)

Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Stocks

Stocks and work in progress are valued at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the weighted average cost basis. Provision is made for obsolete and slow-moving items.

At each reporting date, the company assesses whether stocks are impaired or if an impairment loss recognised in prior periods has reversed. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand and deposits held at call with banks.

Financial assets

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally 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.

Basic financial assets, which include trade, other and group debtors along with cash and bank balances, which are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Loans and debtors

Trade debtors, loans and other debtors that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and debtors'. Loans and debtors are measured at amortised cost using the effective interest method, less any impairment.

LIFTERZ HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2016

1 Accounting policies (Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the group's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the group are recorded at the fair value of the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

LIFTERZ HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2016

1 Accounting policies (Continued)

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Current and deferred tax is charged or credited to or , except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

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

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Retirement benefits

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Leases

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor. Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding. All other leases are "operating leases" and the annual rentals are charged to profit and loss on a straight line basis over the lease term.

Equipment leased to customers under operating leases is capitalised in accordance with the Fixed Assets policy above. Operating lease income is accounted for on a straight line basis with any rental increases recognised during the period to which they relate.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

Invoice financing

Amounts are advanced from an invoice discounting group against which the book of debts of the company are offset. Discounting and service charges are debited to the profit and loss account as incurred. Gross debts are passed to the invoice discounting company and are included in trade debtors. Advances from the invoice discounting company are included in other creditors due within one year.

LIFTERZ HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2016

2 Critical accounting estimates and judgements

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Accounting estimates

Useful economic lives

The estimated economic lives of goodwill and intangible assets acquired along with the amortisation method is reviewed at each year end.

Accounting judgements

Valuation of investment

The investment in the subsidiary is included on the Statement of Financial Position at fair value. When considering the fair value the directors used judgement in assessing the model used to give a conservative value.

Fair value uplift of tangible fixed assets

On acquiring the group's interest in its subsidiary undertakings the group reviewed the assets acquired and reflected an intangible asset of £500k and an uplift of £2.5m to its fleet assets to reflect their fair value. Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arms length transaction.

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2016
	£
Turnover analysed by class of business	
Hire, sales, service and repair of powered access equipment	5,002,629
	<u>5,002,629</u>
Turnover analysed by geographical market	
	2016
	£
United Kingdom	5,002,629
	<u>5,002,629</u>

LIFTERZ HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2016

4 Operating profit

2016
£

Operating profit for the period is stated after charging/(crediting):

Depreciation of owned tangible fixed assets	406,312
Depreciation of tangible fixed assets held under finance leases	427,229
Profit on disposal of tangible fixed assets	(368)
Amortisation of intangible assets	25,768
Negative goodwill released to profit or loss	(17,708)
Cost of stocks recognised as an expense	2,186,753
Amounts payable under operating leases - land and buildings	44,062
Amounts payable under operating leases - plant and machinery	77,883

5 Auditor's remuneration

2016
£

Fees payable to the company's auditor and associates:

For audit services

Audit of the financial statements of the group and company	8,700
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For other services

All other non-audit services	11,979
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6 Employees

The average monthly number of persons (including directors) employed during the period was:

	Group 2016 Number	Company 2016 Number
Operations	53	-
Other	17	-
Directors	4	-
	74	-

LIFTERZ HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2016

6 Employees (Continued)

Their aggregate remuneration comprised:

	Group 2016 £	Company 2016 £
Wages and salaries	898,343	-
Social security costs	88,667	-
Pension costs	24,454	-
	<u>1,011,464</u>	<u>-</u>

7 Directors' remuneration

	2016 £
Remuneration for qualifying services	59,583
Pensions	24,061
	<u>83,644</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3.

8 Interest payable and similar expenses

	2016 £
Interest on financial liabilities measured at amortised cost:	
Interest on bank overdrafts and loans	8,815
Other finance costs:	
Interest on finance leases and hire purchase contracts	106,265
Other interest	93,816
	<u>208,896</u>

9 Taxation

	2016 £
Current tax	
UK corporation tax on profits for the current period	106,539
	<u>106,539</u>
Deferred tax	
Origination and reversal of timing differences	(27,822)
	<u>(27,822)</u>
Total tax charge	<u>78,717</u>

LIFTERZ HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2016

9 Taxation (Continued)

The total tax charge for the period included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2016 £
Profit before taxation	243,195
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00%	48,639
Tax effect of expenses that are not deductible in determining taxable profit	6,925
Permanent capital allowances in excess of depreciation	1,898
Deferred tax adjustments	21,255
Taxation for the period	78,717

10 Intangible fixed assets

Group	Goodwill £	Negative goodwill £	Website and training centre £	Marketing and customer lists £	Total £
Cost					
Additions - business combinations	78,342	(424,998)	3,623	500,000	156,967
At 31 December 2016	78,342	(424,998)	3,623	500,000	156,967
Amortisation and impairment					
Amortisation charged for the period	4,165	(17,708)	770	20,833	8,060
At 31 December 2016	4,165	(17,708)	770	20,833	8,060
Carrying amount					
At 31 December 2016	74,177	(407,290)	2,853	479,167	148,907

The company had no intangible fixed assets at 31 December 2016.

LIFTERZ HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2016

11 Tangible fixed assets

Group	Leasehold property improvements	Hire fleet	Fixtures and fittings	Motor vehicles	Equipment and depot maintenance	Total
	£	£	£	£	£	£
Cost						
Additions	-	937,865	3,854	61,744	9,410	1,012,873
Business combinations	98,971	10,461,520	18,283	140,150	168,113	10,887,037
Disposals	-	(213,202)	-	(21,300)	-	(234,502)
At 31 December 2016	98,971	11,186,183	22,137	180,594	177,523	11,665,408
Depreciation and impairment						
Depreciation charged in the period	7,260	780,039	3,008	17,627	25,607	833,541
Eliminated in respect of disposals	-	(139,482)	-	(15,668)	-	(155,150)
At 31 December 2016	7,260	640,557	3,008	1,959	25,607	678,391
Carrying amount						
At 31 December 2016	91,711	10,545,626	19,129	178,635	151,916	10,987,017

The company had no tangible fixed assets assets at 31 December 2016.

LIFTERZ HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2016

11 Tangible fixed assets (Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases:

	Group 2016 £	Company 2016 £
Hire fleet	6,516,520	-
Motor vehicles	28,842	-
	<u>6,545,362</u>	<u>-</u>
Depreciation charge for the period in respect of leased assets	<u>427,229</u>	<u>-</u>

Included within the net book value of tangible assets of £10,545,626 is £10,412,707 relating to assets held for hire under operating lease. The depreciation charged to the financial statements in the period in respect of such assets amounted to £670,968.

12 Fixed asset investments

	Notes	Group 2016 £	Company 2016 £
Investments in subsidiaries	13	-	5,440,110

Movements in fixed asset investments Company

	Shares in group undertakings £
Cost or valuation	
At 6 June 2016	-
Additions	5,440,110
At 31 December 2016	<u>5,440,110</u>
Carrying amount	
At 31 December 2016	<u>5,440,110</u>

LIFTERZ HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2016

13 Subsidiaries

Details of the company's subsidiaries at 31 December 2016 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
LSG Industrials Limited	England	Immediate parent company	Ordinary	100.00	
Lifterz Limited	England	Powered access equipment sales & hire	Ordinary	32.68	67.32

14 Stocks

	Group 2016 £	Company 2016 £
Work in progress	5,000	-
Finished goods and goods for resale	554,261	-
	<u>559,261</u>	<u>-</u>

15 Debtors

	Group 2016 £	Company 2016 £
Amounts falling due within one year:		
Trade debtors	2,370,011	-
Amount owed by group undertakings	-	2,245,234
Other debtors	16,812	15,498
Prepayments and accrued income	255,917	-
	<u>2,642,740</u>	<u>2,260,732</u>

LIFTERZ HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2016

16 Creditors: amounts falling due within one year

	Notes	Group 2016 £	Company 2016 £
Bank loans	18	175,744	-
Obligations under finance leases	19	1,628,443	-
Trade creditors		1,864,957	-
Amounts due to group undertakings		-	41,453
Corporation tax payable		240,913	-
Other taxation and social security		208,180	-
Other creditors		2,382,058	-
Accruals and deferred income		190,831	43,512
		<u>6,691,126</u>	<u>84,965</u>

Included in other creditors is an amount of £1,703,815 owed under a confidential invoice discounting agreement. Amounts owed under the confidential invoice discounting agreement are secured by a cross guarantee against the assets of the Lifterz Limited, a subsidiary of Lifterz Holdings Limited, and a debenture in form and substance satisfactory to the Barclays Bank plc and a guarantee for £50,000 from M Bowers, a director of the company.

17 Creditors: amounts falling due after more than one year

	Notes	Group 2016 £	Company 2016 £
Bank loans	18	482,870	-
Obligations under finance leases	19	3,204,909	-
Other borrowings	18	2,677,656	2,677,656
		<u>6,365,435</u>	<u>2,677,656</u>

18 Borrowings

	Group 2016 £	Company 2016 £
Bank loans	658,614	-
Other loans	2,677,656	2,677,656
	<u>3,336,270</u>	<u>2,677,656</u>
Payable within one year	175,744	-
Payable after one year	<u>3,160,526</u>	<u>2,677,656</u>

LIFTERZ HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2016

18 Borrowings (Continued)

Bank loans are secured by a cross guarantee against the assets of Lifterz Limited, a subsidiary of Lifterz Holdings Limited, and a debenture in form and substance satisfactory to the Barclays Bank plc and a guarantee for £50,000 from M Bowers, a director of the company.

The bank loan is repayable in 48 monthly instalments and bears interest at a rate of 2.85% plus base rate per annum.

The loan notes are due for repayment on 31 July 2019 and bear interest at a rate of 6.5%.

19 Finance lease obligations

	Group 2016 £	Company 2016 £
Future minimum lease payments due under finance leases:		
Less than one year	1,816,310	-
Between one and five years	3,376,761	-
	<u>5,193,071</u>	<u>-</u>
Less: future finance charges	(359,719)	-
	<u>4,833,352</u>	<u>-</u>

Obligations under finance leases are secured against the assets to which they relate.

20 Financial instruments

	Group 2016 £	Company 2016 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	2,386,823	2,260,732
	<u>2,386,823</u>	<u>2,260,732</u>
Carrying amount of financial liabilities		
Measured at amortised cost	7,774,116	2,762,621
	<u>7,774,116</u>	<u>2,762,621</u>

21 Deferred taxation

The major deferred tax liabilities and assets recognised by the group and company are:

	Liabilities 2016 £
Group	
Accelerated capital allowances	735,446
	<u>735,446</u>

The company has no deferred tax assets or liabilities.

LIFTERZ HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2016

22 Retirement benefit schemes

	2016
Defined contribution schemes	£
Charge to profit or loss in respect of defined contribution schemes	24,454
	<u> </u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

23 Share capital

	Group and company 2016 £
Ordinary share capital	
Issued and fully paid	
163,800 Ordinary shares of 1p each	1,638
	<u> </u>

The company's Ordinary shares have attached to them full voting, dividend and capital distribution rights.

On 6 June 2016, 11,882 ordinary shares of 1p were issued at par.

On 8 August 2016, 151,863 ordinary shares of 1p were issued for consideration of £5,440,110 (note 25).

24 Reserves

Merger reserve

Premium arising on issue of equity shares where merger relief applies.

Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

LIFTERZ HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2016

25 Acquisitions

On 8 August the group acquired 100% (directly & indirectly) of the issued capital of LSG Industrials Limited and Lifterz Limited for consideration of £5,440,110.

	Book Value	Fair Value adjustment	Fair Value
	£	£	£
Intangible assets on acquisition	81,965	-	81,965
Intangible assets recognised on business combination	-	500,000	500,000
Tangible assets	8,387,039	2,500,000	10,887,039
Investments	3,662,281	-	3,662,281
Inventories	457,899	-	457,899
Trade and other receivables	2,405,006	-	2,405,006
Cash and cash equivalents	133,601	-	133,601
Borrowings	(2,975,236)	-	(2,975,236)
Obligations under finance leases	(4,899,880)	-	(4,899,880)
Trade and other payables	(3,344,262)	-	(3,344,262)
Tax liabilities	(280,037)	-	(280,037)
Deferred tax on acquisition	(253,268)	-	(253,268)
Deferred tax on business combination	-	(510,000)	(510,000)
			5,865,108
Negative goodwill			(424,998)
Total consideration			5,440,110
The consideration was satisfied by:			£
Issue of shares			5,007,688
Loan notes			432,422
			5,440,110
Contribution by the acquired businesses for the reporting period included in the consolidated statement of comprehensive income since acquisition:			£
Turnover			5,002,629
Profit after tax			341,235

LIFTERZ HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2016

26 Operating lease commitments

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2016 £	Company 2016 £
Within one year	462,758	-
Between one and five years	1,373,355	-
In over five years	366,189	-
	<u>2,202,302</u>	<u>-</u>

27 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel of the group, who are also directors, is as follows.

	2016 £
Aggregate compensation	<u>89,972</u>

Transactions with related parties

During the period the group entered into the following transactions with related parties:

	Purchase of goods 2016 £
Group	
Entities under common control	<u>28,600</u>
	Interest paid 2016 £
Group	
Entities under common control	<u>28,683</u>

LIFTERZ HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2016

27 Related party transactions (Continued)

The following amounts were outstanding at the reporting end date:

	Amounts owed to related parties
	2016
	£
Group	
Entities under common control	99,107
Key management personnel	1,492,010
	1,591,117

The following amounts were outstanding at the reporting end date:

	Amounts owed by related parties
	2016
	Balance
	£
Group	
Key management personnel	15,562
	15,562

M Bowers, a member of the key management personnel, has provided a guarantee of £50,000 to Barclays Bank plc to act as security on a bank loan relating to the company's subsidiary Lifterz Limited.

LIFTERZ HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2016

28 Cash generated from group operations

	2016 £
Profit for the period after tax	164,478
Adjustments for:	
Taxation charged	78,717
Finance costs	208,896
Gain on disposal of tangible fixed assets	(368)
Amortisation and impairment of intangible assets	8,060
Depreciation and impairment of tangible fixed assets	833,541
Movements in working capital:	
(Increase) in stocks	(101,362)
(Increase) in debtors	(222,172)
Increase in creditors	1,300,433
Cash generated from operations	2,270,223