

Company Registration No. 10215607 (England and Wales)

**LIFTERZ HOLDINGS LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2017**

WEDNESDAY



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# LIFTERZ HOLDINGS LIMITED

## COMPANY INFORMATION

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|--------------------------|--------------------------------------------------------------------------------------------------|
| <b>Directors</b>         | B Bowers<br>M Bowers<br>P W E Leoni Sceti<br>Q Wilson                                            |
| <b>Company number</b>    | 10215607                                                                                         |
| <b>Registered office</b> | The Old Fire Station<br>Dale Street<br>Ossett<br>Wakefield<br>West Yorkshire<br>WF5 9HF          |
| <b>Auditor</b>           | RSM UK Audit LLP<br>Chartered Accountants<br>1 St. James' Gate<br>Newcastle upon Tyne<br>NE1 4AD |

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# **LIFTERZ HOLDINGS LIMITED**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2017**

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The directors present the group strategic report for the year ended 31 December 2017, which includes Lifterz Holdings Limited which is a holding company, and its trading subsidiary Lifterz Limited.

#### **Fair review of the business**

Lifterz Holdings Limited was incorporated on 6 June 2016 to act as a holding company for the shareholders of Lifterz Limited. A share restructure took place in August 2016 following which Lifterz Holdings Limited acquired 100% of the share capital of LSG Industrials Limited and Lifterz Limited. The results included in 2016 are therefore for the 5 month period to 31 December 2016 compared to a full 12 month period to 31 December 2017.

At 31 December 2017, LSG Industrials Limited was in the process of being dissolved.

In 2017 Lifterz Limited's business continued to develop financially through a 10.6% growth in annual turnover compared to 2016.

Back in 2016 the directors of Lifterz felt a need to improve overall fleet reliability along with the fleet management systems and procedures. 2017 saw the implementation of steps to deal with these issues which include an ageing fleet, falling reliability and a shortage of engineering resources. The company also accelerated the fleet disposal programme. Included in these steps was the need to improve management controls which led to the external appointment of a Hire, Service & Fleet manager.

Whilst financially the investment programme outlined above weighted on bottom line results, the company's top line grew across all of its divisions in line with its budget.

Late in 2017 the board set out plans to increase the company's geographic coverage, and after analysing transport movements and rehire spending Daventry was chosen as a new depot location. Also plans were made to invest in a smaller depot in Scotland which would lead to a post year acquisition.

For quite a while it had been clear that the Ossett depot facility could no longer house the company's headquarters and the training operation. Late in 2016 suitable nearby premises were located and after extensive remodelling Lifterz moved in.

A marked step-up in ageing fleet replacement programme meant that capital investment remained sustained throughout the year as the hire fleet grew from just under 965 to 1101 units by year end.

Whilst bearing in mind that 2016 figures only represent trading for part of the year (since company inception), total revenues for 2017 were £12,899,142 (2016: £5,002,629 for the 5 month period) and EBITDA for the year of £2,864,831 remained in line with the last period figure (2016: £1,293,692 for the 5 month period). The net result for the year before tax of £765,731 has increased from the £308,696 achieved in the 5 month period in 2016. Of note is the increased level of activity in own fleet hire and rehire which were up 2.8% and 3.5% respectively on 2016 levels.

The net assets of the group have increased from £3,324 in 2016 to £460,745 in 2017.

#### **Future developments**

At the point of writing 2018 is off to an encouraging start with all depots coming online and contributing to sales growth. Results to date are either in line or above managements' expectations.

# LIFTERZ HOLDINGS LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

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### Principal risks and uncertainties

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

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

- Changes in the cost of capital and access to bank funding. The company 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 company's growth prospects. The directors continually monitor the company's access to funding and work with a number of different funders in securing the necessary facilities. A large portion of the company's existing funding is on fixed rate interest rates, which minimises its exposure to interest rate volatility. All funding required for 2018'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, retail and infrastructure markets in the UK. As the company's services target primarily those four markets, any changes such as government policy shifts on infrastructure spending that impact the construction sector or changes in regulations, tax and policies affecting the manufacturing industry would have a direct impact on demand for the company's services, affecting turnover and ultimate profitability. To mitigate such risk, the company targets different sectors, including M&E contractors, maintenance, service & fit-out companies;
- The retention of key staff. In the service sector key staff is fundamental to the profitable delivery of the company's services. The company's directors have established an incentive and bonus based scheme designed to both retain key staff and improve their performance by aligning their interests with those of the company. Active recruitment of talent across the industry is one of management's top priorities.

# LIFTERZ HOLDINGS LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

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### 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 monitors:

- Fleet utilisation rates, with a KPI target of 68% (2017 average of 69% compared to 2016 average of 70%);
- Daily hire revenue figures (2017 average of £22,622 compared to 2016 average of £21,544).

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

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

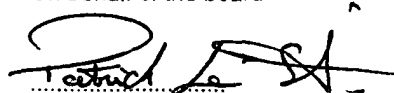
- Rehire margins, with a KPI target of 18% (2017: 18.4% compared to 2016: 18.2%);
- Transport recovery rates with a KPI target of 80% (2017: 76.18% compared to 2016: 84.6%);
- Monthly return on book value of hire fleet, with a KPI target of 5% (2017 average: 4.51% compared to 2016 average: 5.64%);
- Gross margins with a KPI target of 58% (2017: 55.2% compared to 2016: 57.1%);
- Financial debt gearing as a percentage of total assets, with a KPI target of 50% (2017: 55.3% compared to 2016: 42.8%).

The additional systems introduced during the course of 2017 in both fleet management and stock control give the directors even better visibility on the value of its fixed and current assets and provide up to date information and KPIs on these important asset classes.

The slight fall in performance across the key KPI of return on book value of hire fleet alongside gross margin is linked to the pattern of capital spending throughout the year and the company not being able to capture the full benefit of its investment from spending done in the second half of the year. The financial debt gearing also increased as a result of accelerating fleet replacement.

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

24 July 2018

# LIFTERZ HOLDINGS LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2017

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The directors present their annual report and financial statements for the year ended 31 December 2017.

#### **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 year and up to the date of signature of the financial statements were as follows:

B Bowers  
M Bowers  
P W E Leoni Sceti  
Q Wilson

#### **Results and dividends**

The results for the year are set out on page 9.

Ordinary dividends were paid amounting to £199,997.

#### **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 have indicated its willingness to continue in office.

#### **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 2018 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.

#### **Strategic report**

Please refer to the strategic report on pages 1 to 3 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.

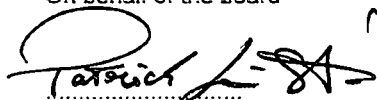
# LIFTERZ HOLDINGS LIMITED

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

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On behalf of the board



P W E Leoni Sceti

Director

24 July 2018

# **LIFTERZ HOLDINGS LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017**

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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**

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## **Opinion**

We have audited the financial statements of Lifterz Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2017 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement Of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2017 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Basis for opinion**

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

## **Conclusions relating to going concern**

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the 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.

## **Other information**

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

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

We have nothing to report in this regard.

## **Opinions on other matters prescribed by the Companies Act 2006**

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

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LIFTERZ HOLDINGS LIMITED (CONTINUED)

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### 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 their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

### Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, 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 group or the parent 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 Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

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



Steven Cleugh FCCA (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
1 St. James' Gate  
Newcastle upon Tyne

NE1 AAD  
26/11/18

# LIFTERZ HOLDINGS LIMITED

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

|                                       |           | 2017        | 2016             |
|---------------------------------------|-----------|-------------|------------------|
|                                       | Notes     | £           | as restated<br>£ |
| <b>Turnover</b>                       | <b>4</b>  | 12,899,142  | 5,002,629        |
| Cost of sales                         |           | (5,747,378) | (2,186,753)      |
| <b>Gross profit</b>                   |           | 7,151,764   | 2,815,876        |
| Administrative expenses               |           | (5,852,729) | (2,298,284)      |
| <b>Operating profit</b>               | <b>5</b>  | 1,299,035   | 517,592          |
| Interest payable and similar expenses | <b>9</b>  | (533,304)   | (208,896)        |
| <b>Profit before taxation</b>         |           | 765,731     | 308,696          |
| Taxation                              | <b>10</b> | (108,313)   | (78,717)         |
| <b>Profit for the financial year</b>  | <b>26</b> | 657,418     | 229,979          |

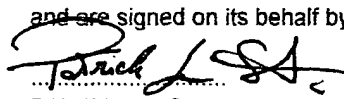
Profit for the financial year is all attributable to the owners of the parent company.

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

**LIFTERZ HOLDINGS LIMITED****CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2017**

|                                                         |       | 2017        |             | 2016<br>as restated |             |
|---------------------------------------------------------|-------|-------------|-------------|---------------------|-------------|
|                                                         | Notes | £           | £           | £                   | £           |
| <b>Fixed assets</b>                                     |       |             |             |                     |             |
| Goodwill                                                | 12    |             | 64,181      |                     | 74,177      |
| Negative goodwill                                       | 12    |             | (1,714,145) |                     | (1,913,851) |
| Net goodwill                                            |       |             | (1,649,964) |                     | (1,839,674) |
| Other intangible assets                                 | 12    |             | 433,375     |                     | 482,020     |
| Total intangible assets                                 |       |             | (1,216,589) |                     | (1,357,654) |
| Tangible assets                                         | 13    |             | 12,882,316  |                     | 10,987,017  |
|                                                         |       |             | 11,665,727  |                     | 9,629,363   |
| <b>Current assets</b>                                   |       |             |             |                     |             |
| Stocks                                                  | 16    | 592,926     |             | 559,261             |             |
| Debtors                                                 | 17    | 2,678,048   |             | 2,642,740           |             |
| Cash at bank and in hand                                |       | 1,473,895   |             | 963,967             |             |
|                                                         |       | 4,744,869   |             | 4,165,968           |             |
| Creditors: amounts falling due within one year          | 18    | (6,837,676) |             | (6,691,126)         |             |
| Net current liabilities                                 |       |             | (2,092,807) |                     | (2,525,158) |
| Total assets less current liabilities                   |       |             | 9,572,920   |                     | 7,104,205   |
| Creditors: amounts falling due after more than one year | 19    |             | (8,339,680) |                     | (6,365,435) |
| Provisions for liabilities                              | 23    |             | (772,495)   |                     | (735,446)   |
| Net assets                                              |       |             | 460,745     |                     | 3,324       |
| <b>Capital and reserves</b>                             |       |             |             |                     |             |
| Called up share capital                                 | 25    |             | 1,638       |                     | 1,638       |
| Merger reserve                                          | 26    |             | (228,293)   |                     | (228,293)   |
| Profit and loss reserves                                | 26    |             | 687,400     |                     | 229,979     |
| Total equity                                            |       |             | 460,745     |                     | 3,324       |

The financial statements were approved by the board of directors and authorised for issue on 24 July 2018 and are signed on its behalf by:

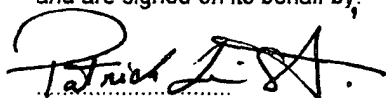
  
P W E Leoni Sceti  
Director

**LIFTERZ HOLDINGS LIMITED****COMPANY STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2017**

|                                                                |       | 2017        | 2016             |
|----------------------------------------------------------------|-------|-------------|------------------|
|                                                                | Notes | £           | as restated<br>£ |
| <b>Fixed assets</b>                                            |       |             |                  |
| Investments                                                    | 14    | 7,500,000   | 7,500,000        |
| <b>Current assets</b>                                          |       |             |                  |
| Debtors                                                        | 17    | 15,498      | 15,498           |
| <b>Creditors: amounts falling due within one year</b>          | 18    | (227,398)   | (84,965)         |
| <b>Net current liabilities</b>                                 |       | (211,900)   | (69,467)         |
| <b>Total assets less current liabilities</b>                   |       | 7,288,100   | 7,430,533        |
| <b>Creditors: amounts falling due after more than one year</b> | 19    | (2,400,000) | (2,677,656)      |
| <b>Net assets</b>                                              |       | 4,888,100   | 4,752,877        |
| <b>Capital and reserves</b>                                    |       |             |                  |
| Called up share capital                                        | 25    | 1,638       | 1,638            |
| Merger reserve                                                 | 26    | 4,820,706   | 4,820,706        |
| Profit and loss reserves                                       | 26    | 65,756      | (69,467)         |
| <b>Total equity</b>                                            |       | 4,888,100   | 4,752,877        |

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 profit for the year was £335,220 (2016 - £69,467 loss).

The financial statements were approved by the board of directors and authorised for issue on 24 July 2018 and are signed on its behalf by;



P W E Leoni Sceti  
Director

# LIFTERZ HOLDINGS LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

|                                                           | Notes | Share capital<br>£ | Merger reserve<br>£ | Profit and loss reserves<br>£ | Total<br>£     |
|-----------------------------------------------------------|-------|--------------------|---------------------|-------------------------------|----------------|
| <b>As restated for the period ended 31 December 2016:</b> |       |                    |                     |                               |                |
| <b>Period ended 31 December 2016:</b>                     |       |                    |                     |                               |                |
| Profit and total comprehensive income for the period      |       | -                  | -                   | 229,979                       | 229,979        |
| Issue of share capital                                    | 25    | 1,638              | (228,293)           | -                             | (226,655)      |
| <b>Balance at 31 December 2016</b>                        |       | <u>1,638</u>       | <u>(228,293)</u>    | <u>229,979</u>                | <u>3,324</u>   |
| <b>Year ended 31 December 2017:</b>                       |       |                    |                     |                               |                |
| Profit and total comprehensive income for the year        |       | -                  | -                   | 657,418                       | 657,418        |
| Dividends                                                 | 11    | -                  | -                   | (199,997)                     | (199,997)      |
| <b>Balance at 31 December 2017</b>                        |       | <u>1,638</u>       | <u>(228,293)</u>    | <u>687,400</u>                | <u>460,745</u> |

# LIFTERZ HOLDINGS LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

|                                                           | Notes | Share<br>capital<br>£ | Merger<br>reserve<br>£ | Profit and<br>loss<br>reserves<br>£ | Total<br>£       |
|-----------------------------------------------------------|-------|-----------------------|------------------------|-------------------------------------|------------------|
| <b>As restated for the period ended 31 December 2016:</b> |       |                       |                        |                                     |                  |
| <b>Period ended 31 December 2016:</b>                     |       |                       |                        |                                     |                  |
| Loss and total comprehensive income for the period        |       | -                     | -                      | (69,467)                            | (69,467)         |
| Issue of share capital                                    | 25    | 1,638                 | 4,820,706              | -                                   | 4,822,344        |
| <b>Balance at 31 December 2016</b>                        |       | <u>1,638</u>          | <u>4,820,706</u>       | <u>(69,467)</u>                     | <u>4,752,877</u> |
| <b>Year ended 31 December 2017:</b>                       |       |                       |                        |                                     |                  |
| Profit and total comprehensive income for the year        |       | -                     | -                      | 335,220                             | 335,220          |
| Dividends                                                 | 11    | -                     | -                      | (199,997)                           | (199,997)        |
| <b>Balance at 31 December 2017</b>                        |       | <u>1,638</u>          | <u>4,820,706</u>       | <u>65,756</u>                       | <u>4,888,100</u> |

# LIFTERZ HOLDINGS LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2017

|                                                  | Notes | 2017<br>£               | £ | 2016<br>£             | £ |
|--------------------------------------------------|-------|-------------------------|---|-----------------------|---|
| <b>Cash flows from operating activities</b>      |       |                         |   |                       |   |
| Cash generated from operations                   | 31    | 2,104,976               |   | 2,270,223             |   |
| Interest paid                                    |       | (539,983)               |   | (208,896)             |   |
| Income taxes paid                                |       | (235,710)               |   | (145,663)             |   |
| <b>Net cash inflow from operating activities</b> |       | <u>1,329,283</u>        |   | <u>1,915,664</u>      |   |
| <b>Investing activities</b>                      |       |                         |   |                       |   |
| Purchase of business                             |       | -                       |   | 133,601               |   |
| Purchase of intangible assets                    |       | (3,000)                 |   | -                     |   |
| Purchase of tangible fixed assets                |       | (685,892)               |   | (518,760)             |   |
| Proceeds on disposal of tangible fixed assets    |       | 419,902                 |   | 79,720                |   |
| <b>Net cash used in investing activities</b>     |       | <u>(268,990)</u>        |   | <u>(305,439)</u>      |   |
| <b>Financing activities</b>                      |       |                         |   |                       |   |
| Repayment of borrowings                          |       | (277,656)               |   | (14,233)              |   |
| Proceeds of new bank loans                       |       | 2,000,000               |   | -                     |   |
| Repayment of bank loans                          |       | (658,614)               |   | (71,386)              |   |
| Payment of finance leases obligations            |       | (1,414,098)             |   | (560,639)             |   |
| Dividends paid to equity shareholders            |       | (199,997)               |   | -                     |   |
| <b>Net cash used in financing activities</b>     |       | <u>(550,365)</u>        |   | <u>(646,258)</u>      |   |
| <b>Net increase in cash and cash equivalents</b> |       | <u>509,928</u>          |   | <u>963,967</u>        |   |
| Cash and cash equivalents at beginning of year   |       | 963,967                 |   | -                     |   |
| <b>Cash and cash equivalents at end of year</b>  |       | <u><u>1,473,895</u></u> |   | <u><u>963,967</u></u> |   |

# LIFTERZ HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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### 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 The Old Fire Station, Dale Street, Ossett, Wakefield, West Yorkshire, WF5 9HF.

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 2017.

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.

# LIFTERZ HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

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### 1 Accounting policies (Continued)

#### 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.

Revenue from the sale of goods is recognised when goods are delivered and the title has passed.

Revenue from the hire of goods is recognised over the hire period.

#### 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 |
|----------|------------------------|

#### 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  |

# LIFTERZ HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

---

### 1 Accounting policies (Continued)

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

During the year the residual value of assets has been reassessed. This has resulted in a reduction in depreciation of £406,000 in the year.

#### **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.

#### **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.

# LIFTERZ HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

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### 1 Accounting policies (Continued)

#### **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.

#### **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 and 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.

# LIFTERZ HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

---

### 1 Accounting policies (Continued)

#### ***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.

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 profit or loss, 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.

# LIFTERZ HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

### 1 Accounting policies (Continued)

#### 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.

#### Invoice financing

Amounts are advanced from an invoice discounting company 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.

### 2 Prior period adjustment

#### Changes to the statement of financial position - group

|                             | At 31 December 2016    |                   |                   |
|-----------------------------|------------------------|-------------------|-------------------|
|                             | As previously reported | Adjustment        | As restated       |
|                             | £                      | £                 | £                 |
| <b>Fixed assets</b>         |                        |                   |                   |
| Negative goodwill           | (407,290)              | (1,506,561)       | (1,913,851)       |
|                             | <u>          </u>      | <u>          </u> | <u>          </u> |
| Net assets                  | 1,509,885              | (1,506,561)       | 3,324             |
|                             | <u>          </u>      | <u>          </u> | <u>          </u> |
| <b>Capital and reserves</b> |                        |                   |                   |
| Merger reserve              | 1,343,769              | (1,572,062)       | (228,293)         |
| Profit and loss             | 164,478                | 65,501            | 229,979           |
|                             | <u>          </u>      | <u>          </u> | <u>          </u> |
| Total equity                | 1,509,885              | (1,506,561)       | 3,324             |
|                             | <u>          </u>      | <u>          </u> | <u>          </u> |

# LIFTERZ HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

### 2 Prior period adjustment (Continued)

#### Changes to the income statement - group

|                                 | Period ended 31 December 2016 |            |             |
|---------------------------------|-------------------------------|------------|-------------|
|                                 | As previously reported        | Adjustment | As restated |
|                                 | £                             | £          | £           |
| Administrative expenses         | (2,363,785)                   | 65,501     | (2,298,284) |
| Profit for the financial period | 164,478                       | 65,501     | 229,979     |

As part of the group reorganisation in the previous accounting period, the value of the investment was understated based on an incorrect basis of valuation and should have been included as £7,500,000. This together with an increase in the value of the assets acquired of £3,631,954 leads to an adjustment to negative goodwill of £1,506,561 and resulted in the restatement of negative goodwill for the year ended 31 December 2017 to £1,913,851. The net assets acquired were understated by £3,631,954 as a result of the incorrect investment value in a subsidiary and a creditor included within borrowings which should not have been recognised as it was cancelled and did not form part of the consideration (refer to note 27). The increase in negative goodwill increases the amortisation release by £65,501 and increases profit for that year by the same amount. This has had the impact of reducing the merger reserve for the group by £1,572,062 and increasing the profit and loss reserve by £65,501.

#### Changes to the statement of financial position - company

|                             | At 31 December 2016    |             |             |
|-----------------------------|------------------------|-------------|-------------|
|                             | As previously reported | Adjustment  | As restated |
|                             | £                      | £           | £           |
| <b>Fixed assets</b>         |                        |             |             |
| Investments                 | 5,440,110              | 2,059,890   | 7,500,000   |
| <b>Current assets</b>       |                        |             |             |
| Debtors due within one year | 2,260,732              | (2,245,234) | 15,498      |
| Net assets                  | 4,938,221              | (185,344)   | 4,752,877   |
| <b>Capital and reserves</b> |                        |             |             |
| Merger reserve              | 5,006,050              | (185,344)   | 4,820,706   |
| Total equity                | 4,938,221              | (185,344)   | 4,752,877   |

As part of the group reorganisation in the previous accounting period, a debtor of £2,245,234 was included that should not have been recognised as this debt was cancelled in the relevant group company and did not form part of the consideration. In addition the value of the investment was understated based on an incorrect basis of valuation and should have been included at £7,500,000. This has had the impact of reducing the merger reserve by £185,344. The comparative balance sheet figures for the company for the year ended 31 December 2016 have been restated. There has been no impact on profit as a result.

# LIFTERZ HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

### 3 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 judgements

##### *Valuation of investment*

The investment in the subsidiary is included on the Statement of Financial Position at fair value and reviewed each year. When considering the fair value the directors used judgement in assessing the model used to give a value of £7,500,000.

##### *Fair value uplift of tangible fixed assets*

On acquiring the group's interest in its subsidiary undertakings in the prior year 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.

### 4 Turnover and other revenue

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

|                                                             | 2017<br>£  | 2016<br>£ |
|-------------------------------------------------------------|------------|-----------|
| <b>Turnover analysed by class of business</b>               |            |           |
| Hire, sales, service and repair of powered access equipment | 12,899,142 | 5,002,629 |
| <b>Turnover analysed by geographical market</b>             |            |           |
|                                                             | 2017<br>£  | 2016<br>£ |
| United Kingdom                                              | 12,899,142 | 5,002,629 |

# LIFTERZ HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

### 5 Operating profit

|                                                                     | 2017<br>£ | 2016<br>£ |
|---------------------------------------------------------------------|-----------|-----------|
| Operating profit for the year is stated after charging/(crediting): |           |           |
| Depreciation of owned tangible fixed assets                         | 411,429   | 1,260,770 |
| Depreciation of tangible fixed assets held under finance leases     | 1,292,431 | 427,229   |
| Profit on disposal of tangible fixed assets                         | (81,918)  | (368)     |
| Amortisation of intangible assets                                   | 61,641    | 25,768    |
| Release of negative goodwill                                        | (199,706) | (83,211)  |
| Amounts payable under operating leases - land and buildings         | 251,284   | 44,062    |
| Amounts payable under operating leases - plant and machinery        | 293,312   | 77,883    |

### 6 Auditor's remuneration

|                                                            | 2017<br>£ | 2016<br>£ |
|------------------------------------------------------------|-----------|-----------|
| Fees payable to the company's auditor and associates:      |           |           |
| <b>For audit services</b>                                  |           |           |
| Audit of the financial statements of the group and company | 10,500    | 8,700     |
| <b>For other services</b>                                  |           |           |
| All other non-audit services                               | 17,469    | 11,979    |

### 7 Employees

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

|            | Group<br>2017<br>Number | 2016<br>Number | Company<br>2017<br>Number | 2016<br>Number |
|------------|-------------------------|----------------|---------------------------|----------------|
| Operations | 65                      | 53             | -                         | -              |
| Other      | 17                      | 17             | -                         | -              |
| Directors  | 4                       | 4              | -                         | -              |
|            | 86                      | 74             | -                         | -              |

Their aggregate remuneration comprised:

|                       | Group<br>2017<br>£ | 2016<br>£ | Company<br>2017<br>£ | 2016<br>£ |
|-----------------------|--------------------|-----------|----------------------|-----------|
| Wages and salaries    | 2,498,223          | 898,343   | -                    | -         |
| Social security costs | 262,353            | 88,667    | -                    | -         |
| Pension costs         | 86,789             | 24,454    | -                    | -         |
|                       | 2,847,365          | 1,011,464 | -                    | -         |

# LIFTERZ HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

### 8 Directors' remuneration

|                                                               | 2017<br>£      | 2016<br>£     |
|---------------------------------------------------------------|----------------|---------------|
| Remuneration for qualifying services                          | 159,833        | 59,583        |
| Company pension contributions to defined contribution schemes | 45,974         | 24,061        |
|                                                               | <u>205,807</u> | <u>83,644</u> |

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2016: 3).

### 9 Interest payable and similar expenses

|                                                                      | 2017<br>£      | 2016<br>£      |
|----------------------------------------------------------------------|----------------|----------------|
| <b>Interest on financial liabilities measured at amortised cost:</b> |                |                |
| Interest on bank overdrafts and loans                                | 25,175         | 8,815          |
| <b>Other finance costs:</b>                                          |                |                |
| Interest on finance leases and hire purchase contracts               | 268,804        | 106,265        |
| Other interest                                                       | 239,325        | 93,816         |
| Total finance costs                                                  | <u>533,304</u> | <u>208,896</u> |

### 10 Taxation

|                                                      | 2017<br>£      | 2016<br>£       |
|------------------------------------------------------|----------------|-----------------|
| <b>Current tax</b>                                   |                |                 |
| UK corporation tax on profits for the current period | 76,467         | 106,539         |
| Adjustments in respect of prior periods              | (5,203)        | -               |
| Total current tax                                    | <u>71,264</u>  | <u>106,539</u>  |
| <b>Deferred tax</b>                                  |                |                 |
| Origination and reversal of timing differences       | <u>37,049</u>  | <u>(27,822)</u> |
| Total tax charge                                     | <u>108,313</u> | <u>78,717</u>   |

# LIFTERZ HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

### 10 Taxation (Continued)

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

|                                                                                                      | 2017<br>£ | 2016<br>£ |
|------------------------------------------------------------------------------------------------------|-----------|-----------|
| Profit before taxation                                                                               | 765,731   | 308,696   |
| Expected tax charge based on the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%) | 147,403   | 61,739    |
| Tax effect of expenses that are not deductible in determining taxable profit                         | 4,740     | 6,925     |
| Adjustments in respect of prior years                                                                | (5,203)   | -         |
| Group relief                                                                                         | (31,715)  | -         |
| Permanent capital allowances in excess of depreciation                                               | (26,070)  | (11,202)  |
| Deferred tax adjustments in respect of prior years                                                   | (11,671)  | -         |
| Amortisation not taxable                                                                             | 81,829    | 21,255    |
| Other timing differences                                                                             | (51,000)  | -         |
| Taxation charge for the year                                                                         | 108,313   | 78,717    |

### 11 Dividends

|            | 2017<br>£ | 2016<br>£ |
|------------|-----------|-----------|
| Final paid | 199,997   | -         |

# LIFTERZ HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

### 12 Intangible fixed assets

| Group                              | Goodwill | Negative goodwill | Website and training centre | Marketing and customer lists | Total       |
|------------------------------------|----------|-------------------|-----------------------------|------------------------------|-------------|
|                                    | £        | £                 | £                           | £                            | £           |
| <b>Cost</b>                        |          |                   |                             |                              |             |
| At 1 January 2017 as restated      | 100,000  | (1,997,062)       | 3,623                       | 500,000                      | (1,393,439) |
| Additions                          | -        | -                 | 3,000                       | -                            | 3,000       |
| At 31 December 2017                | 100,000  | (1,997,062)       | 6,623                       | 500,000                      | (1,390,439) |
| <b>Amortisation and impairment</b> |          |                   |                             |                              |             |
| At 1 January 2017 as restated      | 25,823   | (83,211)          | 770                         | 20,833                       | (35,785)    |
| Amortisation charged for the year  | 9,996    | (199,706)         | 1,645                       | 50,000                       | (138,065)   |
| At 31 December 2017                | 35,819   | (282,917)         | 2,415                       | 70,833                       | (173,850)   |
| <b>Carrying amount</b>             |          |                   |                             |                              |             |
| At 31 December 2017                | 64,181   | (1,714,145)       | 4,208                       | 429,167                      | (1,216,589) |
| At 31 December 2016 as restated    | 74,177   | (1,913,851)       | 2,853                       | 479,167                      | (1,357,654) |

The company had no intangible fixed assets at 31 December 2017 or 31 December 2016.

## LIFTERZ HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

#### 13 Tangible fixed assets

| Group                              | Leasehold<br>property<br>improvements | Hire fleet  | Fixtures and fittings | Motor vehicles | Equipment<br>and depot<br>maintenance | Total       |
|------------------------------------|---------------------------------------|-------------|-----------------------|----------------|---------------------------------------|-------------|
|                                    | £                                     | £           | £                     | £              | £                                     | £           |
| <b>Cost</b>                        |                                       |             |                       |                |                                       |             |
| At 1 January 2017                  | 98,971                                | 11,186,183  | 22,137                | 180,594        | 177,523                               | 11,665,408  |
| Additions                          | 213,559                               | 3,428,977   | 36,512                | 131,678        | 126,417                               | 3,937,143   |
| Disposals                          | -                                     | (1,401,284) | -                     | (91,257)       | -                                     | (1,492,541) |
| At 31 December 2017                | 312,530                               | 13,213,876  | 58,649                | 221,015        | 303,940                               | 14,110,010  |
| <b>Depreciation and impairment</b> |                                       |             |                       |                |                                       |             |
| At 1 January 2017                  | 7,260                                 | 640,557     | 3,008                 | 1,959          | 25,607                                | 678,391     |
| Depreciation charged in the year   | 24,586                                | 1,542,431   | 9,989                 | 52,919         | 73,935                                | 1,703,860   |
| Eliminated in respect of disposals | -                                     | (1,102,008) | -                     | (52,549)       | -                                     | (1,154,557) |
| At 31 December 2017                | 31,846                                | 1,080,980   | 12,997                | 2,329          | 99,542                                | 1,227,694   |
| <b>Carrying amount</b>             |                                       |             |                       |                |                                       |             |
| At 31 December 2017                | 280,684                               | 12,132,896  | 45,652                | 218,686        | 204,398                               | 12,882,316  |
| 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 at 31 December 2017 or 31 December 2016.

# LIFTERZ HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

### 13 Tangible fixed assets (Continued)

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

|                                                              | <b>Group</b>     | <b>2016</b>      | <b>Company</b> | <b>2016</b> |
|--------------------------------------------------------------|------------------|------------------|----------------|-------------|
|                                                              | <b>2017</b>      |                  | <b>2017</b>    |             |
|                                                              | <b>£</b>         | <b>£</b>         | <b>£</b>       | <b>£</b>    |
| Hire fleet                                                   | 7,882,383        | 6,516,520        | -              | -           |
| Motor vehicles                                               | 67,466           | 28,842           | -              | -           |
|                                                              | <u>7,949,849</u> | <u>6,545,362</u> | <u>-</u>       | <u>-</u>    |
| Depreciation charge for the year in respect of leased assets | 1,292,431        | 427,229          | -              | -           |
|                                                              | <u>1,292,431</u> | <u>427,229</u>   | <u>-</u>       | <u>-</u>    |

Included within the net book value of tangible assets of £12,882,316 is £9,485,359 (2016: £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 £1,683,345 (2016: £670,968).

### 14 Fixed asset investments

|                             |              | <b>Group</b> | <b>2016</b> | <b>Company</b>   | <b>2016</b>        |
|-----------------------------|--------------|--------------|-------------|------------------|--------------------|
|                             |              | <b>2017</b>  |             | <b>2017</b>      | <b>as restated</b> |
|                             | <b>Notes</b> | <b>£</b>     | <b>£</b>    | <b>£</b>         | <b>£</b>           |
| Investments in subsidiaries | 15           | -            | -           | 7,500,000        | 7,500,000          |
|                             |              | <u>-</u>     | <u>-</u>    | <u>7,500,000</u> | <u>7,500,000</u>   |

#### Movements in fixed asset investments Company

|                                        | <b>Shares in group undertakings</b> |
|----------------------------------------|-------------------------------------|
|                                        | <b>£</b>                            |
| <b>Cost or valuation</b>               |                                     |
| At 1 January 2017 and 31 December 2017 | 7,500,000                           |
| <b>Carrying amount</b>                 |                                     |
| At 31 December 2017                    | 7,500,000                           |
| At 31 December 2016                    | 7,500,000                           |

# LIFTERZ HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

### 15 Subsidiaries

Details of the company's subsidiaries at 31 December 2017 are as follows:

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

### 16 Stocks

|                                     | Group<br>2017<br>£ | 2016<br>£      | Company<br>2017<br>£ | 2016<br>£ |
|-------------------------------------|--------------------|----------------|----------------------|-----------|
| Work in progress                    | 5,000              | 5,000          | -                    | -         |
| Finished goods and goods for resale | 587,926            | 554,261        | -                    | -         |
|                                     | <u>592,926</u>     | <u>559,261</u> | <u>-</u>             | <u>-</u>  |

### 17 Debtors

|                                             | Group<br>2017<br>£ | 2016<br>£        | Company<br>2017<br>£ | 2016<br>as restated<br>£ |
|---------------------------------------------|--------------------|------------------|----------------------|--------------------------|
| <b>Amounts falling due within one year:</b> | <b>£</b>           | <b>£</b>         | <b>£</b>             | <b>£</b>                 |
| Trade debtors                               | 2,246,285          | 2,370,011        | -                    | -                        |
| Other debtors                               | 168,456            | 16,812           | 15,498               | 15,498                   |
| Prepayments and accrued income              | 263,307            | 255,917          | -                    | -                        |
|                                             | <u>2,678,048</u>   | <u>2,642,740</u> | <u>15,498</u>        | <u>15,498</u>            |

# LIFTERZ HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

### 18 Creditors: amounts falling due within one year

|                                    | Notes | Group<br>2017<br>£ | 2016<br>£        | Company<br>2017<br>£ | 2016<br>£     |
|------------------------------------|-------|--------------------|------------------|----------------------|---------------|
| Bank loans and overdrafts          | 20    | 530,771            | 175,744          | -                    | -             |
| Obligations under finance leases   | 21    | 2,200,054          | 1,628,443        | -                    | -             |
| Trade creditors                    |       | 1,423,466          | 1,864,957        | -                    | -             |
| Amounts due to group undertakings  |       | -                  | -                | 144,198              | 41,453        |
| Corporation tax payable            |       | 76,467             | 240,913          | -                    | -             |
| Other taxation and social security |       | 220,980            | 208,180          | -                    | -             |
| Other creditors                    |       | 2,174,049          | 2,382,058        | 83,200               | 43,512        |
| Accruals and deferred income       |       | 211,889            | 190,831          | -                    | -             |
|                                    |       | <u>6,837,676</u>   | <u>6,691,126</u> | <u>227,398</u>       | <u>84,965</u> |

Included in other creditors is an amount of £1,454,929 (2016: £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 Lifterz Limited, Lifterz Holdings Limited and Lifterz (Scot) Limited.

### 19 Creditors: amounts falling due after more than one year

|                                  | Notes | Group<br>2017<br>£ | 2016<br>£        | Company<br>2017<br>£ | 2016<br>£        |
|----------------------------------|-------|--------------------|------------------|----------------------|------------------|
| Bank loans                       | 20    | 1,469,229          | 482,870          | -                    | -                |
| Obligations under finance leases | 21    | 4,470,451          | 3,204,909        | -                    | -                |
| Other borrowings                 | 20    | 2,400,000          | 2,677,656        | 2,400,000            | 2,677,656        |
|                                  |       | <u>8,339,680</u>   | <u>6,365,435</u> | <u>2,400,000</u>     | <u>2,677,656</u> |

### 20 Borrowings

|                         |  | Group<br>2017<br>£ | 2016<br>£        | Company<br>2017<br>£ | 2016<br>£        |
|-------------------------|--|--------------------|------------------|----------------------|------------------|
| Bank loans              |  | 2,000,000          | 658,614          | -                    | -                |
| Other loans             |  | 2,400,000          | 2,677,656        | 2,400,000            | 2,677,656        |
|                         |  | <u>4,400,000</u>   | <u>3,336,270</u> | <u>2,400,000</u>     | <u>2,677,656</u> |
| Payable within one year |  | 530,771            | 175,744          | -                    | -                |
| Payable after one year  |  | <u>3,869,229</u>   | <u>3,160,526</u> | <u>2,400,000</u>     | <u>2,677,656</u> |

# LIFTERZ HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

### 20 Borrowings (Continued)

Bank loans are secured by a cross guarantee against the assets of Lifterz Limited, Lifterz Holdings Limited and Lifterz (Scot) Limited and a debenture in form and substance satisfactory to HSBC Bank plc.

The bank loan is repayable in 48 monthly instalments and bears interest at a rate of 2.45% plus base rate per annum.

The shareholder loan notes, included within other loans, are due for repayment on 31 July 2019 and bear interest at a rate of 6.5%.

### 21 Finance lease obligations

|                                                         | Group<br>2017<br>£ | 2016<br>£        | Company<br>2017<br>£ | 2016<br>£ |
|---------------------------------------------------------|--------------------|------------------|----------------------|-----------|
| Future minimum lease payments due under finance leases: |                    |                  |                      |           |
| Less than one year                                      | 2,200,054          | 1,816,310        | -                    | -         |
| Between one and five years                              | 4,911,865          | 3,376,761        | -                    | -         |
|                                                         | <u>7,111,919</u>   | <u>5,193,071</u> | <u>-</u>             | <u>-</u>  |
| Less: future finance charges                            | (441,414)          | (359,719)        | -                    | -         |
|                                                         | <u>6,670,505</u>   | <u>4,833,352</u> | <u>-</u>             | <u>-</u>  |

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

### 22 Financial instruments

|                                                 | Group<br>2017<br>£ | 2016<br>£        | Company<br>2017<br>£ | 2016<br>£        |
|-------------------------------------------------|--------------------|------------------|----------------------|------------------|
| <b>Carrying amount of financial assets</b>      |                    |                  |                      |                  |
| Debt instruments measured at amortised cost     | 2,414,741          | 2,386,823        | 15,498               | 15,498           |
|                                                 | <u>2,414,741</u>   | <u>2,386,823</u> | <u>15,498</u>        | <u>15,498</u>    |
| <b>Carrying amount of financial liabilities</b> |                    |                  |                      |                  |
| Measured at amortised cost                      | 8,209,404          | 7,774,116        | 2,627,398            | 2,762,621        |
|                                                 | <u>8,209,404</u>   | <u>7,774,116</u> | <u>2,627,398</u>     | <u>2,762,621</u> |

# LIFTERZ HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

### 23 Deferred taxation

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

|                                | <b>Liabilities<br/>2017<br/>£</b> | <b>Liabilities<br/>2016<br/>£</b> |
|--------------------------------|-----------------------------------|-----------------------------------|
| <b>Group</b>                   |                                   |                                   |
| Accelerated capital allowances | 824,975                           | 735,446                           |
| Short term timing differences  | (52,480)                          | -                                 |
|                                | <u>772,495</u>                    | <u>735,446</u>                    |
|                                | <b>Group<br/>2017<br/>£</b>       | <b>Company<br/>2017<br/>£</b>     |
| <b>Movements in the year:</b>  |                                   |                                   |
| Liability at 1 January 2017    | 735,446                           | -                                 |
| Charge to profit or loss       | 37,049                            | -                                 |
| Liability at 31 December 2017  | <u>772,495</u>                    | <u>-</u>                          |

### 24 Retirement benefit schemes

|                                                                     | <b>2017<br/>£</b> | <b>2016<br/>£</b> |
|---------------------------------------------------------------------|-------------------|-------------------|
| <b>Defined contribution schemes</b>                                 |                   |                   |
| Charge to profit or loss in respect of defined contribution schemes | <u>86,789</u>     | <u>24,454</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. At the year end £8,807 was outstanding and included in other creditors.

### 25 Share capital

|                                    | <b>Group and company<br/>2017<br/>£</b> | <b>2016<br/>£</b> |
|------------------------------------|-----------------------------------------|-------------------|
| <b>Ordinary share capital</b>      |                                         |                   |
| <b>Issued and fully paid</b>       |                                         |                   |
| 163,800 Ordinary shares of 1p each | <u>1,638</u>                            | <u>1,638</u>      |

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

# LIFTERZ HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

### 26 Reserves

#### Merger reserve

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

#### Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

### 27 Acquisitions

On 8 August 2016 the group acquired 100% (directly & indirectly) of the issued capital of LSG Industrials Limited and Lifterz Limited for consideration of £7,500,000.

|                                                                                                                                           | Restated<br>Book Value<br>£ | Adjustments<br>£ | Restated<br>Fair Value<br>£ |
|-------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|------------------|-----------------------------|
| Intangible assets on acquisition                                                                                                          | 81,965                      | 500,000          | 581,965                     |
| Tangible assets                                                                                                                           | 8,387,039                   | 2,500,000        | 10,887,039                  |
| Investments                                                                                                                               | 5,048,999                   | -                | 5,048,999                   |
| Inventory                                                                                                                                 | 457,899                     | -                | 457,899                     |
| Borrowings                                                                                                                                | (730,000)                   | -                | (730,000)                   |
| Trade and other receivables                                                                                                               | 2,405,006                   | -                | 2,405,006                   |
| Cash and cash equivalents                                                                                                                 | 133,601                     | -                | 133,601                     |
| Obligations under finance leases                                                                                                          | (4,899,880)                 | -                | (4,899,880)                 |
| Deferred tax on business combination                                                                                                      | (253,268)                   | (510,000)        | (763,268)                   |
| Trade and other payables                                                                                                                  | (3,344,262)                 | -                | (3,344,262)                 |
| Tax liabilities                                                                                                                           | (280,037)                   | -                | (280,037)                   |
| Total identifiable net assets                                                                                                             | 7,007,062                   | 2,490,000        | 9,497,062                   |
| Negative goodwill                                                                                                                         |                             |                  | (1,997,062)                 |
| Total consideration                                                                                                                       |                             |                  | 7,500,000                   |
| The consideration was satisfied by:                                                                                                       |                             |                  | £                           |
| Issue of shares                                                                                                                           |                             |                  | 4,822,344                   |
| Loan notes                                                                                                                                |                             |                  | 2,677,656                   |
|                                                                                                                                           |                             |                  | 7,500,000                   |
| Contribution by the acquired business for the reporting period included in the group 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 YEAR ENDED 31 DECEMBER 2017

### 28 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:

|                            | <b>Group</b>     |                  | <b>Company</b> |             |
|----------------------------|------------------|------------------|----------------|-------------|
|                            | <b>2017</b>      | <b>2016</b>      | <b>2017</b>    | <b>2016</b> |
|                            | <b>£</b>         | <b>£</b>         | <b>£</b>       | <b>£</b>    |
| Within one year            | 570,340          | 462,758          | -              | -           |
| Between one and five years | 1,680,429        | 1,373,355        | -              | -           |
| In over five years         | 576,292          | 366,189          | -              | -           |
|                            | <u>2,827,061</u> | <u>2,202,302</u> | <u>-</u>       | <u>-</u>    |

### 29 Capital commitments

Amounts contracted for but not provided in the financial statements:

|                                      | <b>Group</b>  |             | <b>Company</b> |             |
|--------------------------------------|---------------|-------------|----------------|-------------|
|                                      | <b>2017</b>   | <b>2016</b> | <b>2017</b>    | <b>2016</b> |
|                                      | <b>£</b>      | <b>£</b>    | <b>£</b>       | <b>£</b>    |
| Acquisition of tangible fixed assets | 24,060        | -           | -              | -           |
| Acquisition of intangible assets     | 3,000         | -           | -              | -           |
|                                      | <u>27,060</u> | <u>-</u>    | <u>-</u>       | <u>-</u>    |

### 30 Related party transactions

#### Remuneration of key management personnel

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

|                        | <b>2017</b>    | <b>2016</b>   |
|------------------------|----------------|---------------|
|                        | <b>£</b>       | <b>£</b>      |
| Aggregate compensation | <u>213,908</u> | <u>89,972</u> |

#### Transactions with related parties

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

# LIFTERZ HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

### 30 Related party transactions (Continued)

|                               | Interest paid |        | Consultancy fees |        |
|-------------------------------|---------------|--------|------------------|--------|
|                               | 2017          | 2016   | 2017             | 2016   |
|                               | £             | £      | £                | £      |
| <b>Group</b>                  |               |        |                  |        |
| Entities under common control | 7,996         | 28,683 | 78,900           | 28,600 |
| Key management personnel      | 31,675        | -      | -                | -      |

The following amounts were outstanding at the reporting end date:

|                               | Amounts owed to related parties |           |
|-------------------------------|---------------------------------|-----------|
|                               | 2017                            | 2016      |
|                               | £                               | £         |
| <b>Group</b>                  |                                 |           |
| Entities under common control | 104,357                         | 99,107    |
| Key management personnel      | 980,435                         | 1,492,010 |

The following amounts were outstanding at the reporting end date:

|                          | Amounts owed by related parties |        |
|--------------------------|---------------------------------|--------|
|                          | 2017                            | 2016   |
|                          | £                               | £      |
| <b>Group</b>             |                                 |        |
| Key management personnel | 15,498                          | 15,498 |

# LIFTERZ HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

### 31 Cash generated from group operations

|                                                      | 2017<br>£        | 2016<br>as restated<br>£ |
|------------------------------------------------------|------------------|--------------------------|
| Profit for the year after tax                        | 657,418          | 229,979                  |
| Adjustments for:                                     |                  |                          |
| Taxation charged                                     | 108,313          | 78,717                   |
| Finance costs                                        | 533,304          | 208,896                  |
| Gain on disposal of tangible fixed assets            | (81,918)         | (368)                    |
| Amortisation and impairment of intangible assets     | (138,065)        | (57,443)                 |
| Depreciation and impairment of tangible fixed assets | 1,703,860        | 833,541                  |
| Movements in working capital:                        |                  |                          |
| (Increase) in stocks                                 | (33,665)         | (101,362)                |
| (Increase) in debtors                                | (35,308)         | (222,170)                |
| (Decrease)/increase in creditors                     | (608,963)        | 1,300,433                |
| <b>Cash generated from operations</b>                | <b>2,104,976</b> | <b>2,270,223</b>         |