

Fairfax Plant Hire Limited

Registered number: 01953454

Annual report and financial statements

For the year ended 30 September 2021

FAIRFAX PLANT HIRE LIMITED

COMPANY INFORMATION

Directors	K Love M A Love M J Love C Love
Company secretary	C Love
Registered number	01953454
Registered office	The Old Brickworks, Hull Road Hemingbrough Selby North Yorkshire YO8 6QG
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor 5th Floor 3 Wellington Place Leeds LS1 4AP

FAIRFAX PLANT HIRE LIMITED

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**STRATEGIC REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

Introduction

The directors present their strategic report for the year ended 30 September 2021. The principal activity of the Company is that of a plant hire company.

Business review

The directors are pleased with the Company's performance for the year. Turnover and operating profit increased on prior year as the Company recovered from the impact of the COVID-19 outbreak. The Company continued to invest in hire equipment for which there was continued strong demand in the year once lockdown measures from the government were lifted.

Key Performance Indicators

The directors consider the key performance indicators of the business to be Turnover and Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA). Turnover for the year was £17.8m (2020: £14.7m) an increase of £3.1m (21%) as the business experienced more stable demand following the impact of the COVID-19 pandemic in the prior year.

EBITDA for the year was £10.5m (2020: £7.2m), an increase of £3.3m (46%). Continued investment in the Company's hire fleet and customer demand becoming more stable resulted in better overall performance.

Financial position

The Company has generated profit after tax in the year of £2.3m and declared dividends totalling £0.3m. As such the net assets of the Company have increased to £13.7m (2020: £11.7m).

The Company has fixed assets with a book value of £39.9m (2020: £36.2m) at the year end and associated hire purchase liabilities totalling £22.7m (2020: £22.4m) which equates to 57% (2020: 62%) of the book value.

Although the Company shows net current liabilities of £8.3m (2020: £9.2m) this reflects the fact that its revenue generating assets are shown as fixed assets whilst the cost of financing them is shown in part as a current liability.

Principal risks and uncertainties

Market risk – the principal risk to the Company is a significant downturn in the economy which could substantially reduce the demand for hiring the Company's plant. The Company mitigates this risk by working with a large number of customers who operate in varying sectors.

Liquidity risk – the Company purchases its assets using asset finance and has a facility in place to provide its working capital. This helps the Company to maintain liquidity to ensure sufficient funds are available for its ongoing operations.

FAIRFAX PLANT HIRE LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

COVID-19 Coronavirus

Uncertainties relating to the COVID-19 pandemic still exist, however the directors believe the Company is well placed to manage the business risks associated with COVID-19.

This report was approved by the board on 28 June 2022 and signed on its behalf.

M A Love
Director

FAIRFAX PLANT HIRE LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

The directors present their report and the financial statements for the year ended 30 September 2021.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Results and dividends

The profit for the year, after taxation, amounted to £2,307,522 (2020 - £569,119).

Dividends totalling £279,000 (2020: £209,000) were declared and paid during the period.

Directors

The directors who served during the year were:

K Love
M A Love
M J Love
C Love

Future developments

In the current economic climate the Directors will continue to monitor business risks and take mitigating action where necessary. Capital expenditure will be monitored closely. The Directors will continue to work closely with suppliers and customers to ensure best quality service is maintained.

FAIRFAX PLANT HIRE LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

Going concern

The directors have performed a robust forecasting exercise taking into account the probable and possible business impacts associated with the COVID-19 Coronavirus pandemic. The period of assessment covers a period of at least 12 months from the date of the audit report. The Company has worked closely with the bank and other providers of finance to ensure the sufficient working capital facilities are in place over this period. As such the directors are satisfied that the Company remains a going concern and the financial statements have been prepared on the going concern basis.

Matters covered in the strategic report

Certain information is not shown in the Director's Report because it is shown in the Strategic Report on page 1 of the financial statements in accordance with the provisions of Section 414C(11) of the Companies Act 2006. The Strategic Report includes a business review, principal risks and uncertainties and information on the Company's key performance indicators.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

Post year-end dividends of £134,000 were declared to shareholders.

Auditor

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

This report was approved by the board on 28 June 2022 and signed on its behalf.

M A Love
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FAIRFAX PLANT HIRE LIMITED

Opinion

We have audited the financial statements of Fairfax Plant Hire Limited (the 'Company') for the year ended 30 September 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity 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 Company's affairs as at 30 September 2021 and of its 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 Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FAIRFAX PLANT HIRE LIMITED

Other information (continued)

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and 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.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FAIRFAX PLANT HIRE LIMITED

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors intend either to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation, non-compliance with implementation of government support schemes relating to COVID-19.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to depreciation rates, revenue recognition (which we pinpointed to the cut-off assertion), and significant one-off or unusual transactions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FAIRFAX PLANT HIRE LIMITED

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Use of the audit 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.

Christopher Hudson (Senior statutory auditor)

for and on behalf of

Mazars LLP

Chartered Accountants and Statutory Auditor

5th Floor

3 Wellington Place
Leeds
LS1 4AP

29 June 2022

FAIRFAX PLANT HIRE LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

	Note	2021 £	2020 £
Turnover	4	17,825,248	14,701,213
Cost of sales		(9,470,273)	(8,478,197)
Gross profit		<u>8,354,975</u>	<u>6,223,016</u>
Administrative expenses		(4,141,058)	(4,402,435)
Exceptional administrative income	13	410,916	-
Other operating income	5	25,064	218,830
Operating profit	6	<u>4,649,897</u>	<u>2,039,411</u>
Interest payable and expenses	10	(957,822)	(1,071,105)
Profit before tax		<u>3,692,075</u>	<u>968,306</u>
Tax on profit	11	(1,384,553)	(399,187)
Profit for the financial year		<u><u>2,307,522</u></u>	<u><u>569,119</u></u>

There were no recognised gains and losses for 2021 or 2020 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2021 (2020:£NIL).

The notes on pages 12 to 29 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	14	-	-
Tangible assets	15	39,852,220	36,190,978
		<u>39,852,220</u>	<u>36,190,978</u>
Current assets			
Stocks	16	353,618	256,600
Debtors: amounts falling due within one year	17	4,407,348	3,684,755
Cash at bank and in hand	18	760,658	408,759
		<u>5,521,624</u>	<u>4,350,114</u>
Creditors: amounts falling due within one year	19	(13,821,159)	(13,578,668)
Net current liabilities		<u>(8,299,535)</u>	<u>(9,228,554)</u>
Total assets less current liabilities		<u>31,552,685</u>	<u>26,962,424</u>
Creditors: amounts falling due after more than one year	20	(14,578,043)	(13,250,731)
Provisions for liabilities			
Deferred tax	23	(3,281,967)	(2,047,540)
Net assets		<u><u>13,692,675</u></u>	<u><u>11,664,153</u></u>
Capital and reserves			
Called up share capital	24	2	2
Profit and loss account	25	13,692,673	11,664,151
		<u><u>13,692,675</u></u>	<u><u>11,664,153</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 June 2022.

M A Love
Director

The notes on pages 12 to 29 form part of these financial statements.

FAIRFAX PLANT HIRE LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 October 2019	2	11,304,032	11,304,034
Comprehensive income for the year			
Profit for the year	-	569,119	569,119
Total comprehensive income for the year	-	569,119	569,119
Contributions by and distributions to owners			
Dividends: Equity capital	-	(209,000)	(209,000)
Total transactions with owners	-	(209,000)	(209,000)
At 1 October 2020	2	11,664,151	11,664,153
Comprehensive income for the year			
Profit for the year	-	2,307,522	2,307,522
Total comprehensive income for the year	-	2,307,522	2,307,522
Contributions by and distributions to owners			
Dividends: Equity capital	-	(279,000)	(279,000)
Total transactions with owners	-	(279,000)	(279,000)
At 30 September 2021	<u>2</u>	<u>13,692,673</u>	<u>13,692,675</u>

The notes on pages 12 to 29 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

1. General information

Fairfax Plant Hire Limited (the 'Company') is a private company, limited by shares and registered in England and Wales, registered number 01953454. The registered address is The Old Brickworks, Hull Road, Hemingbrough, Selby, YO8 6QG. The principal activity is that of plant and machinery hire.

These financial statements have been presented in pound sterling which is the functional currency of the Company, and rounded to the nearest £.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of K and C Love Limited as at 30 September 2021 and these financial statements may be obtained from the Company's registered office.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

2. Accounting policies (continued)

2.3 Going concern

The Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly the going concern basis of accounting continues to be appropriate in preparing the financial statements. The directors have considered a period in excess of twelve months from the date of approval of these financial statements in making their assessment.

The directors have performed a robust forecasting exercise taking into account the probable and possible business impacts associated with the COVID-19 Coronavirus pandemic. The period of assessment covers a period of at least 12 months from the date of the audit report. The Company has worked closely with the bank and other providers of finance to ensure the sufficient working capital facilities are in place over this period. As such the directors are satisfied that the Company remains a going concern and the financial statements have been prepared on the going concern basis.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

2. Accounting policies (continued)

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.6 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

2.7 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.8 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.9 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

2. Accounting policies (continued)

2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

2.11 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

2.12 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

2. Accounting policies (continued)

2.13 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold land	-	Not depreciated
Leasehold Property improvements	-	5%
Plant & machinery	-	10%
Motor vehicles	-	25%
Fixtures & fittings	-	10%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.14 Stocks

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

2.15 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.16 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.17 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

2. Accounting policies (continued)

2.18 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of Financial Position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of Financial Position date.

2.19 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.20 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

2. Accounting policies (continued)

2.20 Financial instruments (continued)

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.21 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

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

Critical judgements in applying the Company's accounting policies

The critical judgements that management have made in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below.

Assessing indicators of impairment

In assessing whether there have been any indicators of impairment to assets, management have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability and where applicable, the ability of the asset to be operated as planned.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty surrounding the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Determining residual values and useful economic lives of tangible assets

The Company depreciates tangible assets, over their estimated useful lives. The estimation of the useful lives of tangible assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes.

Judgement is also applied, when determining the residual values for fixed assets. When determining the residual value, the directors have assessed the amount that the Company would currently obtain for the disposal of the asset, if it were already of the condition expected at the end of its useful life. Where possible this is done with reference to external market prices.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

4. Turnover

Analysis of turnover by country of destination:

	2021	2020
	£	£
United Kingdom	<u>17,825,248</u>	<u>14,701,213</u>

The entire turnover related to the Company's principal activity.

5. Other operating income

	2021	2020
	£	£
Government grants receivable	<u>25,064</u>	<u>218,830</u>

6. Operating profit

The operating profit is stated after charging:

	2021	2020
	£	£
Depreciation Charge	5,817,545	5,096,870
Other operating lease rentals	135,858	201,961
(Profit)/Loss on disposal of fixed assets	<u>(410,916)</u>	<u>83,595</u>

7. Auditor's remuneration

	2021	2020
	£	£
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	<u>22,500</u>	<u>21,630</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2021	2020
	£	£
Wages and salaries	2,653,322	2,451,180
Social security costs	259,552	248,471
Cost of defined contribution scheme	54,400	49,335
	<u>2,967,274</u>	<u>2,748,986</u>

The average monthly number of employees, including directors, during the year was 93 (2020 - 87).

9. Directors' remuneration

	2021	2020
	£	£
Directors' emoluments	121,564	120,198
Company contributions to defined contribution pension schemes	2,565	2,121
	<u>124,129</u>	<u>122,319</u>

During the year retirement benefits were accruing to 2 directors (2020 - 2) in respect of defined contribution pension schemes.

10. Interest payable and similar expenses

	2021	2020
	£	£
Bank interest payable	23,340	9,236
Finance leases and hire purchase contracts	934,482	1,061,869
	<u>957,822</u>	<u>1,071,105</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

11. Taxation

	2021	2020
	£	£
Corporation tax		
Current tax on profits for the year	171,970	-
Adjustments in respect of previous periods	(21,844)	(15,756)
Total current tax	<u>150,126</u>	<u>(15,756)</u>
Deferred tax		
Origination and reversal of timing differences	608,582	222,873
Effect of tax rate change on opening balance	641,612	192,070
Adjustments in respect of prior periods	(15,767)	-
Total deferred tax	<u>1,234,427</u>	<u>414,943</u>
Taxation on profit on ordinary activities	<u><u>1,384,553</u></u>	<u><u>399,187</u></u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020 - higher than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	<u>3,692,075</u>	<u>968,306</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	701,494	183,977
Effects of:		
Fixed asset differences	(67,333)	26,689
Expenses not deductible for tax purposes	2,241	3,157
Group relief claimed	(1,911)	(1,208)
Adjustments to tax charge in respect of previous periods	(21,844)	(15,756)
Adjustments to tax charge in respect of previous periods - deferred tax	(15,767)	-
Remeasurement of deferred tax for changes in tax rates	787,673	191,878
Deferred tax not recognised	-	(1,630)
Other differences leading to an increase in the tax charge	-	12,080
Total tax charge for the year	<u>1,384,553</u>	<u>399,187</u>

Factors that may affect future tax charges

The UK Government announced in the 2021 Budget that from 1 April 2023, the rate of corporation tax in the United Kingdom will increase from 19% to 25%. Companies with profits of £50,000 or less will continue to be taxed at 19%, which is a new small profits rate. Where taxable profits are between £50,000 and £250,000, the higher 25% rate will apply but with a marginal relief applying as profits increase.

12. Dividends

	2021 £	2020 £
Dividends paid on ordinary share capital	<u>279,000</u>	<u>209,000</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

13. Exceptional items

	2021 £	2020 £
Profit on sale of tangible assets	<u>410,916</u>	<u>-</u>

In the current reporting period the profit on disposal of tangible assets has been split out as exceptional due to size and incidence. In the prior year a loss on disposal totalling £83,595 was included within administrative expenses.

14. Intangible assets

	Goodwill £
Cost	
At 1 October 2020	55,000
At 30 September 2021	<u>55,000</u>
Amortisation	
At 1 October 2020	55,000
At 30 September 2021	<u>55,000</u>
Net book value	
At 30 September 2021	<u>-</u>
At 30 September 2020	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

15. Tangible fixed assets

	Freehold land £	Leasehold Property improvements £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Total £
Cost						
At 1 October 2020	492,040	59,361	50,388,020	820,901	376,210	52,136,532
Additions	-	115,157	9,688,606	311,673	77,188	10,192,624
Disposals	-	-	(2,169,592)	-	-	(2,169,592)
At 30 September 2021	492,040	174,518	57,907,034	1,132,574	453,398	60,159,564
Depreciation						
At 1 October 2020	-	41,256	15,563,997	215,399	124,902	15,945,554
Charge for the year	-	2,968	5,507,191	266,808	40,578	5,817,545
Disposals	-	-	(1,455,755)	-	-	(1,455,755)
At 30 September 2021	-	44,224	19,615,433	482,207	165,480	20,307,344
Net book value						
At 30 September 2021	<u>492,040</u>	<u>130,294</u>	<u>38,291,601</u>	<u>650,367</u>	<u>287,918</u>	<u>39,852,220</u>
At 30 September 2020	<u>492,040</u>	<u>18,105</u>	<u>34,824,023</u>	<u>605,502</u>	<u>251,308</u>	<u>36,190,978</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2021 £	2020 £
Plant and machinery	<u>34,031,806</u>	<u>29,759,194</u>

The depreciation charge in the year on assets under hire purchase agreements totalled £3,751,530 (2020: £3,554,297).

FAIRFAX PLANT HIRE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

16. Stocks

	2021	2020
	£	£
Finished goods and goods for resale	<u>353,618</u>	<u>256,600</u>

17. Debtors

	2021	2020
	£	£
Trade debtors	4,188,226	3,514,945
Amounts owed by group undertakings	-	55,926
Other debtors	69,868	1,059
Prepayments and accrued income	149,254	97,214
Tax recoverable	-	15,611
	<u>4,407,348</u>	<u>3,684,755</u>

18. Cash and cash equivalents

	2021	2020
	£	£
Cash at bank and in hand	<u>760,658</u>	<u>408,759</u>

FAIRFAX PLANT HIRE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

19. Creditors: Amounts falling due within one year

	2021	2020
	£	£
Bank loans	198,000	-
Trade creditors	670,278	665,404
Amounts owed to group undertakings	3,249,487	3,507,995
Corporation tax	150,186	-
Other taxation and social security	69,391	195,750
Obligations under finance lease and hire purchase contracts	9,420,815	9,108,918
Other creditors	14,344	16,334
Accruals and deferred income	48,658	84,267
	<u>13,821,159</u>	<u>13,578,668</u>

Hire purchase liabilities are secured upon the assets to which they relate. Hire purchase liabilities and the bank loan are also secured by a debenture creating a fixed and floating charge over the assets of the Company and a first legal charge over the Company's freehold land.

The company is party to an unlimited inter company gross guarantee between Fairfax Plant Hire Limited, K and C Love Limited and K and C Love Asset Management Limited.

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

	2021	2020
	£	£
Bank loans	1,302,000	-
Net obligations under finance leases and hire purchase contracts	13,276,043	13,250,731
	<u>14,578,043</u>	<u>13,250,731</u>

Hire purchase liabilities are secured upon the assets to which they relate. Hire purchase liabilities and the bank loan are also secured by a debenture creating a fixed and floating charge over the assets of the Company and a first legal charge over the Company's freehold land.

The company is party to an unlimited inter company gross guarantee between Fairfax Plant Hire Limited, K and C Love Limited and K and C Love Asset Management Limited.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

21. Loans

Analysis of the maturity of loans is given below:

	2021 £	2020 £
Amounts falling due within one year		
Bank loans	198,000	-
Amounts falling due 1-2 years		
Bank loans	250,000	-
Amounts falling due 2-5 years		
Bank loans	750,000	-
Amounts falling due after more than 5 years		
Bank loans	302,000	-
	<u>1,500,000</u>	<u>-</u>

22. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2021 £	2020 £
Within one year	9,420,815	9,108,918
Between 1-5 years	13,276,046	13,250,731
	<u>22,696,861</u>	<u>22,359,649</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

23. Deferred taxation

	2021	2020
	£	£
At beginning of year	(2,047,540)	(1,632,597)
Charged to profit or loss	(1,234,427)	(414,943)
At end of year	<u>(3,281,967)</u>	<u>(2,047,540)</u>

The provision for deferred taxation is made up as follows:

	2021	2020
	£	£
Accelerated capital allowances	(3,283,277)	(2,048,846)
Short term timing differences	1,310	1,306
	<u>(3,281,967)</u>	<u>(2,047,540)</u>

The deferred tax provision has arisen primarily due to the accelerated capital allowances on fixed assets acquired by the Company. As such the net reversal of deferred tax expected to occur in future periods will be in line with the estimated useful life of the fixed assets.

24. Share capital

	2021	2020
	£	£
Allotted, called up and fully paid		
200 (2020 - 200) Ordinary shares of £0.01 each	<u>2</u>	<u>2</u>

25. Reserves**Profit & loss account**

This reserve represents cumulative profits and losses less dividends declared.

26. Pension commitments

The Company operates a defined contribution pension plan for its employees. The pension cost charged in the period represents contributions payable by the Company to the funds and amounted to £54,400 (2020: £49,335). Contributions amounting to £14,344 (2020: £10,977) were outstanding at the reporting date and are included within creditors.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

27. Commitments under operating leases

At 30 September 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Property		
Not later than 1 year	50,488	110,231
Later than 1 year and not later than 5 years	-	155,184
	<u>50,488</u>	<u>265,415</u>

The lease cost charged to the Statement of Comprehensive Income during the period was £135,858 (2020: £201,961).

28. Related party transactions

The Company has taken advantage of the exemption available under FRS 102 section 33 'Related Party Disclosures' not to disclose related party transactions entered into between wholly owned members of the group headed by K and C Love Limited.

During the year the repayments and (advances) were made totalling £5,357 (2020: £44,451) on the Directors loan account.

Balances due from/(owed to) related parties at the reporting date were as follows:

	2021 £	2020 £
Directors	<u>-</u>	<u>(5,357)</u>

29. Post balance sheet events

Post year end dividends of £134,000 were declared to shareholders.

30. Controlling party

The Company is a wholly owned subsidiary of K and C Love Limited. The ultimate controlling parties of K and C Love Limited are Mr K & Mrs C Love.

The smallest and largest group in which the results for Fairfax Plant Hire Limited are consolidated for the current financial period is that headed by K and C Love Limited.

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