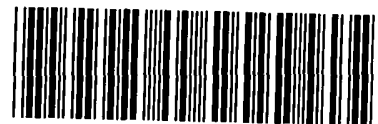


REGISTERED NUMBER: 00905526 (ENGLAND AND WALES)

MAGNOR PLANT HIRE LIMITED

**ANNUAL REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

FRIDAY



A839G4ZL

A14

12/04/2019

#97

COMPANIES HOUSE

MAGNOR PLANT HIRE LIMITED

CONTENTS OF THE FINANCIAL STATEMENTS

	Page
Company Information	1
Strategic Report	2 - 3
Directors' Report	4 - 5
Independent Auditor's Report	6 - 8
Statement of Comprehensive Income	9
Balance Sheet	10
Statement of Changes in Equity	11
Principal Accounting Policies	12 - 15
Notes to the Financial Statements	16 - 20

MAGNOR PLANT HIRE LIMITED

COMPANY INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2018

Directors

J Ledwidge
S Crummett
J Morgan
S Fullen
S Smith

Company Secretary

C Sheridan

Head Office

Corporation Street
Rugby
Warwickshire, United Kingdom
CV21 2DW

Registered Office

Kent House
14–17 Market Place
London, United Kingdom
W1W 8AJ

Independent Auditor

Deloitte LLP
Statutory Auditor
London

MAGNOR PLANT HIRE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

Principal activities

Magnor Plant Hire Limited ("the Company") operates as a plant hire company providing plant resources, specialising in the provision of, tunnelling, rail, transport solutions and concrete laying / paving equipment to Morgan Sindall Construction & Infrastructure Ltd, to the other subsidiaries in the Morgan Sindall Group and to external clients.

Business review

The results for the year and key performance indicators for the Company were as follows:

	Year to 31 December 2018 £000	Year to 31 December 2017 £000	Change
Revenue	14,562	14,716	-1%
Operating profit	844	575	+47%
Operating profit margin	5.8%	3.9%	+190bps
Profit before tax	597	628	-5%
Net assets	1,806	1,385	+30%
Cash at bank	5,459	3,638	+50%

Revenue was reduced by 1% to £14.6m (2017: £14.7m) with an increased operating profit and margin of £0.8m and 5.8% respectively (2017: £0.6m, 3.9%).

The supply of specialist plant and services to the tunnelling sector returned to a more normal level following a year which benefitted from two major refurbishment orders, one from a Morgan Sindall Group JV and the other from an external customer. The change in the market in 2018 also resulted in the decision to divest in rail plant resulting in the transfer of this activity to the rail sector of Morgan Sindall Construction & Infrastructure Ltd.

During 2018 there was continued growth in the provision of transport solutions (commercial vehicles and company car hire) to Morgan Sindall Group companies and plant hire and services to the aviation sector. The profit in 2018 is consistent with the previous year and in line with a slight reduction in sales.

Looking forward we expect to see continuing cyclical demand in our specialist plant hire revenues particularly for tunnelling which will remain stable in 2019 as a number of orders have already been secured. Furthermore we anticipate an increasing requirement for our transport solutions which currently represents circa 75% of revenue (2017: 70%).

Our future investment strategy is focused on maintaining the condition of our current asset fleet with a view to expanding our specialist asset base in plant and equipment relating to the Infrastructure market.

Financial position and liquidity

The financial position of the Company is presented in the Balance Sheet. The total shareholder's funds at 31 December 2018 were £1.8m (2017: £1.4m). Although the Company had net current liabilities of £5.0m (2017: £2.5m), the Company had £5.5m of cash at 31 December 2018 (2017: £3.6m).

As a subsidiary of Morgan Sindall Group plc (hereafter referred to as "the Group"), the Company participates in its banking arrangements (under which it is a cross guarantor). As at 31 December 2018 the Group had cash balances of £217.2m. The Group also had £180m of committed loan facilities maturing in 2022, which were entirely undrawn as at 31 December 2018.

MAGNOR PLANT HIRE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

Key performance indicators

The Company's financial key performance indicators are described in the business review above. No other key performance indicators are deemed necessary to explain the development, performance or position of the Company.

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the Company are considered to relate to competition, employee retention, longer term shortage of opportunities and asset utilisation. Further discussion of these risks and uncertainties, in the context of the Group as a whole, is provided in the strategic report in the Morgan Sindall Group annual report, which does not form part of this report.

Financial risk management objectives and policies

The Company's operations expose it to a variety of financial risks that include credit risk, liquidity risk, interest rate risk and price risk.

Credit risk

With regard to credit risk the Company has implemented policies that require appropriate credit checks on potential customers before contracts are commenced. The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers outside of the Group.

Liquidity risk

This is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company aims to manage liquidity by ensuring that it will always have sufficient resources to meet its liabilities when they fall due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Liquidity is provided through cash balances and access to the Group's committed bank loan facilities.

Interest rate risk

In respect of interest rate risk the Company has interest bearing assets and liabilities. Interest bearing assets and liabilities include cash balances and overdrafts, all of which have interest rates applied at floating market rates.

Price risk

The Company has some exposure to commodity price risk as a result of its operations. This risk is managed on a project by project basis by limited forward buying of certain commodities and by negotiating annual purchase agreements with key suppliers. The directors will revisit the appropriateness of this policy should the Company's operations change in size or nature.

Approved by and on behalf of the Board



J Ledwidge
Finance Director
14 March 2019

MAGNOR PLANT HIRE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their annual report and audited financial statements for the year ended 31 December 2018. The annual report comprises the strategic report and directors' report, which together provide the information required by the Companies Act 2006. The financial statements have been prepared under United Kingdom Accounting Standards.

Going concern

The directors have a reasonable expectation that the Company and the Group of which it is a part have adequate resources to continue in operational existence for a minimum of 12 months from the date of signing the accounts. Thus they continue to adopt the going concern basis in preparing the financial statements. Further details can be found in the principal accounting policies in the financial statements.

Directors

The directors who served during the year and to the date of this report are shown on page 1. None of the directors had any interest in the shares of the Company during the year ended 31 December 2018.

Directors' indemnities

The Company indemnifies the directors in its Articles of Association to the extent allowed under section 232 of the Companies Act 2006. Furthermore Morgan Sindall Group plc maintains liability insurance for its directors and officers and those of its directors and officers of its associated companies.

The Company has not made qualifying third party indemnity provisions for the benefit of its directors during the year.

Dividends

There were no interim dividends paid in the current or prior period. The directors do not recommend the payment of a final dividend (2017: nil).

Future developments and events after balance sheet date

Details of future developments can be found in the strategic report on page 2. There were no events that occurred after the balance sheet date that affected the financial statements of the Company.

Political contributions

The Company made no political contributions during the year (2017: none).

MAGNOR PLANT HIRE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

Independent auditor and disclosure of information to the independent auditor

Each of the persons who is a director at the date of approval of this report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and pursuant to section 487 of the Companies Act 2006, Deloitte LLP is deemed to be reappointed as auditor.

Directors' responsibilities statement

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

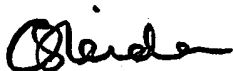
The directors confirm that they have complied with the above requirements in preparing the financial statements. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements 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 enable them to ensure that the financial statements comply with 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.

Approved for and on behalf of the Board



C Sheridan
Company Secretary
14 March 2019

MAGNOR PLANT HIRE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAGNOR PLANT HIRE LIMITED FOR THE YEAR ENDED 31 DECEMBER 2018

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Magnor Plant Hire Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of the Company which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the principal accounting policies; and
- the related notes 1 to 15.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

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

MAGNOR PLANT HIRE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAGNOR PLANT HIRE LIMITED FOR THE YEAR ENDED 31 DECEMBER 2018

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

We have nothing to report in respect of these matters.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report and the directors' report.

MAGNOR PLANT HIRE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAGNOR PLANT HIRE LIMITED FOR THE YEAR ENDED 31 DECEMBER 2018

Matters on which we are required to report by exception

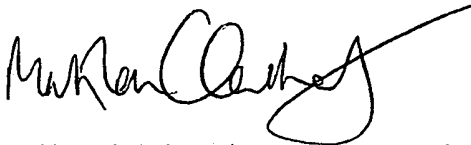
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

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



Makhan Chahal ACA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
14 March 2019

MAGNOR PLANT HIRE LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £000	2017 £000
Revenue	1	14,562	14,716
Cost of sales		(13,700)	(14,174)
Gross profit		862	542
Administrative expenses		(248)	(239)
Other operating income		230	272
Operating profit	2	844	575
Interest receivable	4	27	66
Interest payable	4	(274)	(13)
Profit before taxation		597	628
Tax	5	(176)	(134)
Profit for the financial year attributable to the owners of the Company	11	421	494
Total comprehensive income attributable to the owners of the Company		421	494

Continuing operations

The results for the current and previous financial years derive from continuing operations.

MAGNOR PLANT HIRE LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2018

	Notes	2018 £000	2017 £000
Non-current assets			
Property, plant and equipment	6	12,775	4,120
Deferred tax asset	9	41	-
		12,816	4,120
Current assets			
Trade and other receivables	7	742	1,058
Cash and bank balances		5,459	3,638
		6,201	4,696
Total assets		19,017	8,816
Current liabilities			
Trade and other payables	8	(7,234)	(6,766)
Current tax liabilities		(218)	(191)
Lease liabilities	13	(3,825)	(205)
		(11,277)	(7,162)
Net current liabilities		(5,076)	(2,466)
Non-current liabilities			
Lease liabilities	13	(5,934)	(268)
Deferred tax liabilities	9	-	(1)
		(5,934)	(269)
Total liabilities		(17,211)	(7,431)
Net assets		1,806	1,385
Capital and reserves			
Share capital	10	10	10
Retained earnings	11	1,796	1,375
Total shareholder's funds		1,806	1,385

The financial statements of Magnor Plant Hire Limited (company number 00905526) were approved by the Board and authorised for issue on 14 March 2019. They were signed on its behalf by:



J Ledwidge, Finance Director
14 March 2019

MAGNOR PLANT HIRE LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

	Share capital (Note 10) £000	Retained earnings (Note 11) £000	Total £000
At 1 January 2017	10	881	891
Total comprehensive income	-	494	494
At 1 January 2018	10	1,375	1,385
Total comprehensive income	-	421	421
At 31 December 2018	10	1,796	1,806

MAGNOR PLANT HIRE LIMITED

PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2018

General information

Magnor Plant Hire Limited (the 'Company') is private company limited by shares, incorporated and domiciled in the UK under the Companies Act 2006 and registered in England and Wales. The nature of the Company's operations and its principal activities are set out in the Strategic Report on page 2. The address of the registered office is given on page 1.

Basis of accounting

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, the Company has prepared its financial statements in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to presentation of comparative information in respect of certain assets, presentation of a cash flow statement and related party transactions. Where required, equivalent disclosures are given in the consolidated accounts of Morgan Sindall Group plc, which are available to the public at www.morgansindall.com.

The financial statements have been prepared under the historical cost convention. Historical cost is generally based on the fair view of the consideration given in exchange for the goods and services.

These financial statements are presented in pounds sterling which is the Company's functional currency.

The directors consider that the ultimate parent undertaking and ultimate controlling party of this Company is Morgan Sindall Group plc, which is registered in England and Wales. It is the only group into which the results of the Company are consolidated. Copies of the consolidated financial statements of Morgan Sindall Group plc are publicly available from morgansindall.com or from its registered office Kent House, 14-17 Market Place, London W1W 8AJ.

Adoption of new and revised standards

During the year the Company has adopted the following new and revised standards and interpretations. Below describes their adoption and any significant impact on the amounts or disclosures reported in these financial statements.

(a) IFRS 9 'Financial Instruments'

Introduces changes to the classification and measurement of financial assets, hedge accounting and the model to be applied when assessing whether financial assets are impaired. IFRS 9 introduces a new impairment model based on expected losses, rather than incurred loss as per IAS 39. The adoption of this standard has not had any significant impact on the amounts or disclosures reported in these financial statements.

(b) IFRS 15 'Revenue from Contracts with Customers'

Introduces a new model for revenue recognition based on the satisfaction of performance obligations. The adoption of this standard has not had any significant impact on the amounts or disclosures reported in these financial statements.

(c) IFRS 16 'Leases'

In the current year, the Company, for the first time, has applied IFRS 16 Leases (as issued by the

MAGNOR PLANT HIRE LIMITED

PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2018

IASB in January 2016) in advance of its effective date. This requires a right-of-use asset and lease liability to be recognised in respect of all leases other than those that are less than one year in duration or of a low value. The effect of this for the Company has been to recognise a right-of-use asset of £8.2m and lease liability of £8.2m at the transition date of 1 January 2018. The Group has taken advantage of the practical expedients to grandfather previous conclusions under IAS 17 on which contracts contain leases, to apply the cumulative catch up approach rather than full retrospective application and to measure the right-of-use asset at an amount equal to the lease liability (adjusted for accruals and prepayments) at transition date.

The effect of the accounting policy changes on 1 January 2018 can be summarised as follows:

£'000	As previously reported	Adjustments	As restated
		IFRS 16	
Property, plant and equipment	13,868	8,201	22,069
Change in total assets		8,201	
Lease liabilities – current	(205)	(3,239)	(3,444)
Lease liabilities – non-current	(268)	(4,962)	(5,230)
Change in total liabilities		(8,201)	

Changes to accounting standards issued but not yet effective

At the date of the financial statements, the company has not applied the following new and revised IFRSs that have been issued but not yet effective:

- IFRS 17 Insurance Contracts
- Amendments to IFRS 9 Prepayment Features with Negative Compensation
- Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures
- Annual Improvements to IFRS Standards 2015–2017 Cycle
- Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs
- Amendments to IAS 19 Employee Benefits Plan Amendment, Curtailment or Settlement
- IFRS 10 Consolidated Financial Statements and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- IFRIC 23 Uncertainty over Income Tax Treatments

The director's do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the company in future periods.

Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Business Review section of the Strategic Report. The Company is expected to continue to generate positive cash flows on its own account for at least 12 months from the date of signing the accounts. The Company participates in the Group's centralised treasury arrangements and

MAGNOR PLANT HIRE LIMITED

PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2018

shares banking arrangements, including the provision of cross guarantees, with its ultimate parent Morgan Sindall Group plc and fellow subsidiaries.

The directors, having assessed the responses of the directors of Morgan Sindall Group plc to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Company to continue as a going concern or its ability to continue with the current banking arrangements.

The Company is in a position of net current liabilities and the directors have received assurance from the directors of Morgan Sindall Construction & Infrastructure Ltd that they will not require the Company to repay the non-trading loan balance owed to them, within 12 months of approval of the financial statements for the year ended 31 December 2018, unless it has sufficient resources to do so.

On the basis of their assessment of the Company's financial position and of the enquiries made of the directors of Morgan Sindall Group plc, the Company's directors have a reasonable expectation that the Company and the Group will be able to continue in operational existence for at least 12 months from the date of signing the accounts. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Property, plant and equipment

Plant, machinery and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is provided in equal annual instalments at rates calculated to write off the cost of the assets, less estimated residual value, over their estimated useful lives as follows:

Plant and machinery between two and 12 years.

Freehold land is not depreciated as it is considered to have an indefinite useful life.

Revenue

Revenue is defined as the value of goods and services rendered excluding discounts and VAT. Plant hire contracts are typically satisfied over time and revenue is recognised on a straight line basis over the term of the contract.

Leases

Where the Company is a lessee, a right-of-use asset and lease liability are recognised at the outset of the lease. The lease liability is initially measured at the present value of the lease payments that are not paid at that date based on the Group's expectations of the likelihood of lease extension or break options being exercised. The lease liability is subsequently adjusted to reflect imputed interest, payments made to the lessor and any lease modifications. The right-of-use asset is initially measured at cost, which comprises the amount of the lease liability, any lease payments made at or before the commencement date, less any lease incentives received, any initial direct costs incurred by the Group and an estimate of any costs that are expected to be incurred at the end of the lease to dismantle or restore the asset. The right-of-use asset is subsequently depreciated in accordance with the Group's accounting policy on property, plant and equipment. The amount charged to the income statement comprises the depreciation of the right-of-use asset and the imputed interest on the lease liability.

Income tax

The income tax expense represents the current and deferred tax charges. Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised

MAGNOR PLANT HIRE LIMITED

PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2018

directly in equity.

Current tax is the Company's expected tax liability on taxable profit for the year using tax rates enacted or substantively enacted at the reporting date and any adjustments to tax payable in respect of previous years.

Taxable profit differs from that reported in the statement of comprehensive income because it is adjusted for items of income or expense that are assessable or deductible in other years and is adjusted for items that are never assessable or deductible.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the corresponding tax bases used in tax computations. Deferred tax is not recognised for the initial recognition of assets or liabilities in a transaction that is not a business combination and affects neither accounting nor taxable profits, or differences relating to investments in subsidiaries and joint ventures to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is recognised on temporary differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at the tax rates expected to apply when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted and are only offset where this is a legally enforceable right to offset current tax assets and liabilities.

Financial Instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires the Company's management to make judgements, assumptions and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Company did not have any critical judgements or key sources of estimation uncertainty that may have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

MAGNOR PLANT HIRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. Analysis of revenue and profit before taxation

All revenue and profit before taxation relates to the Company's principal activity of rendering of plant hire services carried out in the UK.

2. Operating profit

	2018	2017
	£000	£000
Operating profit is stated after charging/(crediting):		
Depreciation of tangible fixed assets:		
- owned assets	692	842
- Assets held under hire purchase contracts	174	178
- Right of use assets	3,961	-
Profit on sale of tangible fixed assets	(230)	(272)
Hire of plant and machinery	5,679	5,913
Expenses relating to short-term leases – plant and machinery	-	3,653
Fees payable to the Company's auditor for the audit of the Company's annual accounts	2	2

3. Staff costs

There were no staff costs for the year ended 31 December 2018 or for the year ended 31 December 2017. Staff working for the Company are employed and remunerated by another group company. None of the directors received any emoluments (2017: £nil) in their capacity as directors of the Company. These individuals are remunerated by another company in the Group.

4. Interest receivables and payables

	2018	2017
	£000	£000
Bank interest receivable	27	66
Interest receivable	27	66
Interest payable on lease liabilities	(274)	(13)
Interest payable	(274)	(13)

The increase of lease liabilities during the year is due to the adoption of IFRS 16.

MAGNOR PLANT HIRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

5. Tax

	2018 £000	2017 £000
UK corporation tax charge on profit for the year	241	184
Adjustment in respect of previous years	(23)	7
Total current tax	218	191
Origination and reversal of timing differences	(67)	(56)
Adjustment in respect of previous years	25	(1)
Total deferred tax (note 9)	(42)	(57)
Total tax expense	176	134

Corporation tax is calculated at 19.0% (2017: 19.25%) of the estimable taxable profit for the year. The actual tax charge for the current and preceding year differs from the standard rate for the reasons set out in the following reconciliation:

	2018 £000	2017 £000
Profit before tax	597	628
Tax at the UK corporation tax rate	113	121
<i>Factors affecting the charge for the year:</i>		
Net non-taxable income	52	37
Adjustments to tax charge in respect of previous years	2	5
Other	9	(29)
Total tax expense	176	134

The Finance (No 2) Act 2015, which provides for reductions in the main rate of corporation tax from 20% to 19% effective from 1 April 2017 and to 18% effective from 1 April 2020, was substantively enacted on 26 October 2015. Subsequently, the Finance Act 2016, which provides for a further reduction in the main rate of corporation tax to 17% effective from 1 April 2020, was substantively enacted on 6 September 2016. All closing deferred tax balances have been calculated using a rate of 17% (2017: 17%) as they will not materially reverse before the tax rate is changed.

MAGNOR PLANT HIRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

6. Property, plant and equipment

	Freehold land	Plant & machinery	Right of use assets – Plant & Equipment	Total
	£000	£000	£000	£000
Cost				
As at 1 January 2018	2,303	11,565	-	13,868
Change in accounting policy	-	-	8,201	8,201
As restated	2,303	11,565	8,201	22,069
Additions	-	217	5,290	5,507
Disposals	-	(802)	(548)	(1,350)
As at 31 December 2018	2,303	10,980	12,943	26,226
Depreciation				
As at 1 January 2018	-	(9,748)	-	(9,748)
Charge for the year	-	(866)	(3,961)	(4,827)
Disposals	-	696	428	1,124
As at 31 December 2018	-	(9,918)	(3,533)	(13,451)
Net Book Value				
As at 31 December 2018	2,303	1,062	9,410	12,775
As at 31 December 2017	2,303	1,817	-	4,120

Assets with a gross value of £10.4m (2017: £11.0m) and related accumulated depreciation of £9.5m (2017: £9.4m) are held for use in short term hire contracts.

Assets with a gross value of £0.8m (2017: £1.1m) and related accumulated depreciation of £0.5m (2017: £0.5m) are held under hire purchase contracts.

7. Trade and other receivables

	2018 £000	2017 £000
Amounts falling due within one year		
Trade receivables	508	632
Amounts owed by Group undertakings	33	117
Other receivables	201	309
	742	1,058

Amounts owed by Group undertakings are payable on demand and are not interest bearing.

MAGNOR PLANT HIRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

8. Trade and other payables

	2018 £000	2017 £000
Amounts falling due within one year		
Trade payables	1,947	1,577
Amounts owed to Group undertakings	4,609	3,941
Other payables	25	26
Accruals	653	1,222
	7,234	6,766

Amounts owed to Group undertakings are payable on demand and are not interest bearing.

9. Deferred tax asset/(liabilities)

	2018 £000	2017 £000
Balance at 1 January	(1)	(58)
Income statement charge (note 5)	42	57
Balance at 31 December	41	(1)

Deferred tax liabilities consist of the following amounts:

	2018 £000	2017 £000
Accelerated capital allowances	27	(27)
Other	14	26
	41	(1)

10. Share capital

	2018 £000	2017 £000
Issued, authorised and fully paid 10,100 ordinary shares of £1 each	10	10

The Company has one class of ordinary share which carries no rights to fixed income

11. Retained earnings

	2018 £000	2017 £000
Balance as at 1 January	1,375	881
Profit for the year	421	494
Balance as at 31 December	1,796	1,375

MAGNOR PLANT HIRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

12. Contingent liabilities

Performance bonds have been entered into in the normal course of business. Performance bond facilities and banking facilities of the Group are supported by cross guarantees given by the Company and other participating companies in the Group. It is not anticipated that any liability will accrue.

13. Lease liabilities

	Plant & equipment	
	2018	2017
	£000	£000
Maturity analysis		
Within one year	3,825	205
Within two to five years	5,934	268
	9,759	473

14. Related party transactions

In the ordinary course of business, the Company has traded with its parent company Morgan Sindall Group plc together with its subsidiaries. Advantage has been taken of the exemption permitted by FRS 101 not to disclose transactions with entities that are wholly owned by the Group. Balances with these entities are disclosed in notes 7 and 8 of these financial statements.

15. Subsequent events

There were no subsequent events that affected the financial statements of the Company.