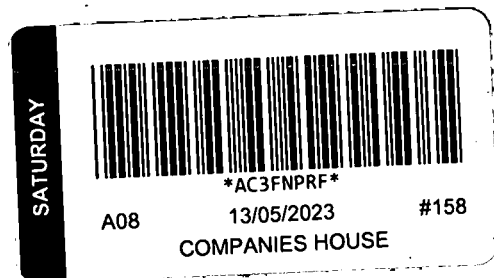


REGISTERED NUMBER: 00905526 (ENGLAND AND WALES)

MAGNOR PLANT HIRE LIMITED

**ANNUAL REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**



MAGNOR PLANT HIRE LIMITED

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MAGNOR PLANT HIRE LIMITED

COMPANY INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2022

Directors	M R Atkinson S P Crummett J C Morgan S C 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	Ernst & Young LLP 400 Capability Green, Luton, United Kingdom LU1 3LU

MAGNOR PLANT HIRE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Principal activities

Magnor Plant Hire Limited (hereafter referred to as "the Company") operates as a plant hire company providing plant resources, specialising in the provision of Specialist and General Plant & Equipment as well as transport solutions to Morgan Sindall Construction & Infrastructure Ltd, to the other subsidiaries in the Morgan Sindall Group (hereafter referred to as "the 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 2022 £000	Year to 31 December 2021 £000	Change
Revenue	18,685	15,606	+20%
Operating profit	2,675	1,818	+47%
Operating profit margin	14.3%	11.6%	+270bps
Profit before tax	2,200	1,493	+47%
Net assets	7,237	5,752	+26%
Cash at bank	3,857	3,968	-3%

Revenue increased by 20% to £18.7m (2021: £15.6m) and operating profit and margin increased to £2.7m and 14.3% respectively (2021: £1.8m, 11.6%).

There was continued growth in the provision of company cars to Group companies, where we have seen high numbers of cash allowance takers moving across to the company car scheme following a review of the company car policy and taking advantage of the reduction in benefit on kind on electric cars. As a result, revenue growth was also due to higher value rentals, with the Group's decision to move to electric cars. There was also continued growth within our plant hire and services to the Highways, Rail, Nuclear and Energy sectors through investment in additional specialist and general plant.

Looking forward we expect to see continuing cyclical demand in our plant hire revenues particularly for the Energy & Rail sectors. Furthermore, we anticipate demand to remain stable for plant hire to Highways and Nuclear as well as for our transport solutions which currently represents circa 83% of revenue (2021: 85%).

Our future investment strategy is focused on maintaining the condition of our current asset fleet with a view to expanding our asset base in specialist and general plant and equipment relating to the infrastructure market, in particular we are looking to expand our offering of innovative and more sustainable plant & equipment and electric vehicles in line with the Group's Carbon Strategy.

Financial position and liquidity

The financial position of the Company is presented in the Balance Sheet. The total shareholder's funds at 31 December 2022 were £7.2m (2021: £5.8m). Although the Company has net current liabilities of £3.6m (2021: £3.2m), the Company had £3.9m of cash at 31 December 2022 (2021: £4.0m).

The Company participates in the Group's banking arrangements (under which it is a cross guarantor). As at 31 December 2022 the Group had net cash balances of £355m. The Group also had £180m of committed loan facilities maturing more than one year from the balance sheet date, of which £15m matures in March 2024 and £165m in October in 2025. These facilities were undrawn at 31 December 2022.

MAGNOR PLANT HIRE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

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 market and economic environment, Brexit, inflation, health and safety, environmental performance, and counterparty and liquidity risk. Further discussion of these risks and uncertainties, in the context of the Group as a whole, is provided in the strategic report in the Group's 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 low credit risk due to significant trading with the Group and its subsidiaries.

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



M Atkinson
Finance Director
31 March 2023

MAGNOR PLANT HIRE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their annual report and audited financial statements for the year ended 31 December 2022. 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 Company's business activities, together with the factors likely to affect its future development, performance and position as well as the financial position of the Company, its cash flows, liquidity position and the borrowing facilities, are described in the Strategic Report on pages 2 to 3.

In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the Company can continue in operational existence during the going concern period, which the directors have defined as the date of approval of the 31 December 2022 financial statements through to 31 March 2024.

The financial position of the Company is presented in the Balance Sheet. The total shareholder's funds at 31 December 2022 were £7.2m (2021: £5.8m). Although the Company has net current liabilities of £3.6m (2021: £3.2m), the Company had £3.9m of cash at 31 December 2022 (2021: £4.0m).

The Company participates in the Group's banking arrangements (under which it is a cross guarantor). As at 31 December 2022 the Group had net cash balances of £355m. The Group also had £180m of committed loan facilities maturing more than one year from the balance sheet date, of which £15m matures in March 2024 and £165m in October in 2025. These facilities were undrawn at 31 December 2022.

The directors, having assessed the responses of the directors of the Group to their enquiries and having received confirmation of its continued support, for the going concern period to 31 March 2024, 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.

Based on the above, the directors have a reasonable expectation that the Company together with Group's support have adequate resources to continue in operational existence during the going concern period, which the directors have defined as the date of approval of the 31 December 2022 financial statements through to 31 March 2024. For this reason, they continue to adopt the going concern basis in the preparation of these 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 2022.

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, the Group maintains liability insurance for its directors and officers and those of its directors and officers of its associated companies. The Group has also indemnified certain directors of its Group companies to the extent permitted by law against any liability incurred in relation to acts or omissions arising in the ordinary course of their duties.

MAGNOR PLANT HIRE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

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 (2021: nil).

Post balance sheet events

No post balance sheet events have occurred that are expected to have a significant impact to the financial statements.

Political contributions

The Company made no political contributions during the year (2021: none).

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.

The Company has abolished the requirement to hold annual general meetings. Subject to the receipt of any objections as provided under statute or the Company's Articles of Association, the Company is relying on the provisions as provided in section 487 of the Companies Act 2006 for the deemed re-appointment of Ernst & Young LLP as auditors.

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;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;

MAGNOR PLANT HIRE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

- provide additional disclosures when compliance with the specific requirements in FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company financial position and financial performance;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with 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. Under applicable law and regulations, the directors are also responsible for preparing a strategic report and a directors' report that comply with that law and those regulations.

Approved for and on behalf of the Board



M Atkinson
Finance Director
31 March 2023

MAGNOR PLANT HIRE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAGNOR PLANT HIRE LIMITED FOR THE YEAR ENDED 31 DECEMBER 2022

Opinion

We have audited the financial statements of Magnor Plant Hire Limited for the year ended 31 December 2022 which comprise the Statement of comprehensive income, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 15, 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 FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2022 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 group 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 Company's ability to continue as a going concern for a period from when the financial statements are authorised for issue through until 31 March 2024.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

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.

MAGNOR PLANT HIRE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAGNOR PLANT HIRE LIMITED FOR THE YEAR ENDED 31 DECEMBER 2022

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the 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 directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on pages 5 and 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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.

MAGNOR PLANT HIRE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAGNOR PLANT HIRE LIMITED FOR THE YEAR ENDED 31 DECEMBER 2022

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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are reporting framework (FRS 101 and the Companies Act 2006) and the relevant direct tax regulations in the United Kingdom.
- We understood how the Company is complying with those frameworks by making enquiries of management, including those charged with governance, to understand how the Company maintains and communicates its policies and procedures in these areas and to understand the controls put in place to reduce the risk of non-compliance. We corroborated our enquiries through our review of Company board minutes.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override and incorrect revenue recognition, by assuming both of these factors to be fraud risks.
- To address the fraud risk over management override we performed audit testing over manual journals by testing specific transactions back to source documentation or independent confirmation, ensuring appropriate authorisation of the transactions.
- For a sample of revenue items profiled as higher risk, we performed audit procedures to verify that management recognised revenue in the correct period, through obtaining source documentation related to the date of provision of services.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures included verifying that material transactions were recorded in compliance with FRS 101 and, where appropriate, Companies Act 2006.

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

MAGNOR PLANT HIRE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAGNOR PLANT HIRE LIMITED FOR THE YEAR ENDED 31 DECEMBER 2022

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.

Ernst & Young LLP

Daniel Foster (Senior statutory auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
Luton, United Kingdom
31 March 2023

MAGNOR PLANT HIRE LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £000	2021 £000
Revenue	1	18,685	15,606
Cost of sales		(15,636)	(13,879)
Gross profit		3,049	1,727
Administrative expenses		(696)	(204)
Other income		322	295
Operating profit	2	2,675	1,818
Interest receivable	4	47	12
Interest payable	4	(522)	(337)
Profit before taxation		2,200	1,493
Tax	5	(715)	(173)
Profit for the financial year attributable to the owners of the Company	11	1,485	1,320
Total comprehensive income attributable to the owners of the Company		1,485	1,320

Continuing operations

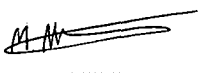
The results for the current and previous financial years derive from continuing operations.

MAGNOR PLANT HIRE LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2022

		2022 £000	2021 £000
	Notes		
Non-current assets			
Property, plant and equipment	6	23,185	18,405
Deferred tax asset	9	-	24
		23,185	18,429
Current assets			
Trade and other receivables	7	3,741	1,636
Cash and bank balances		3,857	3,968
		7,598	5,604
Total assets		30,783	24,033
Current liabilities			
Trade and other payables	8	(3,456)	(3,197)
Current tax liabilities		(788)	(219)
Lease liabilities	13	(6,919)	(5,361)
		(11,163)	(8,777)
Net current liabilities		(3,565)	(3,173)
Total assets less current liabilities		19,620	15,256
Non-current liabilities			
Lease liabilities	13	(12,351)	(9,504)
Deferred tax liabilities	9	(32)	-
		(12,383)	(9,504)
Total liabilities		(23,546)	(18,281)
Net assets		7,237	5,752
Capital and reserves			
Share capital	10	10	10
Retained earnings	11	7,227	5,742
Total shareholder's funds		7,237	5,752

The financial statements of Magnor Plant Hire Limited (company number 00905526) were approved by the Board and authorised for issue on 31 March 2023. They were signed on its behalf by:



M Atkinson, Finance Director
31 March 2023

MAGNOR PLANT HIRE LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital (Note 10) £000	Retained earnings (Note 11) £000	Total £000
At 1 January 2021	10	4,422	4,432
Profit and total comprehensive income	-	1,320	1,320
At 1 January 2022	10	5,742	5,752
Profit and total comprehensive income	-	1,485	1,485
At 31 December 2022	10	7,227	7,237

MAGNOR PLANT HIRE LIMITED

PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2022

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 and with the requirements of the Companies Act 2006.

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.

Ultimate parent company and ultimate controlling party

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

(i) New and revised accounting standards adopted by the Group

During the year, the Company has adopted the following new and revised standards and interpretations. Their adoption has not had any significant impact on the accounts or disclosures in these financial statements.

- Amendments to IFRS 3 'Reference to the Conceptual Framework'
- Amendments to IAS 16 'Property, Plant and Equipment – Proceeds before Intended Use'
- Amendments to IAS 37 'Onerous Contracts – Cost of Fulfilling a Contract'
- Annual Improvements to IFRS Accounting Standards 2018-2020 cycle

(ii) New and revised accounting standards and interpretations which were in issue but were not yet effective and have not been adopted early

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

- IFRS 17 'Insurance Contracts'

MAGNOR PLANT HIRE LIMITED

PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2022

- IFRS 10 and IAS 28 (amendments) 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture'
- Amendments to IAS 1 'Classification of Liabilities as Current or Non-current'
- Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 'Making Materiality Judgements – Disclosure of Accounting Policies'
- Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates'
- Amendments to IAS 12 'Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction'
- Amendments to IFRS 16 'Lease Liability in a Sale and Leaseback'

The company is currently assessing the impact of the standards but 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.

The accounting policies as set out below have been applied consistently to all periods presented in these consolidated financial statements.

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 trade profitably during the going concern period, which the directors have defined as the date of approval of the 31 December 2022 financial statements through to 31 March 2024. The Company participates in the Group's centralised treasury arrangements and shares banking arrangements, including the provision of cross guarantees, with its ultimate parent Morgan Sindall Group plc and fellow subsidiaries.

In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the Company can continue in operational existence during the going concern period, which the directors have defined as the date of approval of the 31 December 2022 financial statements through to 31 March 2024.

The financial position of the Company is presented in the Balance Sheet. The total shareholder's funds at 31 December 2022 were £7.2m (2021: £5.8m). Although the Company has net current liabilities of £3.6m (2021: £3.2m), the Company had £3.9m of cash at 31 December 2022 (2021: £4.0m).

The Company participates in the Group's banking arrangements (under which it is a cross guarantor). As at 31 December 2022 the Group had net cash balances of £355m. The Group also had £180m of committed loan facilities maturing more than one year from the balance sheet date, of which £15m matures in March 2024 and £165m in October in 2025. These facilities were undrawn at 31 December 2022.

The directors, having assessed the responses of the directors of the Group to their enquiries and having received confirmation regarding its support, for the going concern period to 31 March 2024, 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

On the basis of their assessment of the Company's financial position and of the enquiries made of the

MAGNOR PLANT HIRE LIMITED

PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2022

directors of the Group, the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence during the going concern period, which the directors have defined as the date of approval of the 31 December 2022 financial statements through to 31 March 2024. 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.
Right of use assets	over the period of the lease

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

Advance payments for capital expenditure are considered as prepayments. These are transferred to property, plant and equipment when the risk and rewards are transferred to the Company.

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 other than those that are less than one year in duration or of a low value.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date based on the Company's expectations of the likelihood of lease extension or break options being exercised. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. 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 Company 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 assets are presented within the property, plant and equipment line in the balance sheet and depreciated in accordance with the Company'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.

Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

MAGNOR PLANT HIRE LIMITED

PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2022

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 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.

MAGNOR PLANT HIRE LIMITED

PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2022

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

Key sources of estimation

- *Incremental borrowing rate used to measure lease liabilities*
Where the interest rate implicit in the lease cannot be readily determined, lease liabilities are discounted at the lessee's incremental borrowing rate. This is the rate of interest that the lessee would have to pay to borrow over a similar term and funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. This involves assumptions and estimates, which would affect the carrying value of the lease liabilities (note 13) and corresponding right-of-use assets (note 6). To determine the incremental borrowing rate the company uses the recent SONIA interest rate benchmark and adjusts this for credit terms and security.

MAGNOR PLANT HIRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

	2022	2021
	£000	£000
Operating profit is stated after charging/(crediting):		
Depreciation of tangible fixed assets:		
- owned assets	625	587
- Right of use assets	6,417	5,338
Profit on sale of tangible fixed assets	(322)	(295)
Hire of plant and machinery	6,612	5,882

The auditor's remuneration is borne by another Group company. The audit fee for the Company was £25,000 (2021: £25,000).

3. Staff costs

There were no staff costs for the year ended 31 December 2022 or for the year ended 31 December 2021. Staff working for the Company are employed and remunerated by another group company. Staff costs recharged to the Company was £1.1m (2021: £1.1m). None of the directors received any emoluments (2021: £nil) in their capacity as directors of the Company. These individuals are remunerated by other companies in the Group.

4. Interest receivables and payables

	2022	2021
	£000	£000
Bank interest receivable	47	12
Interest receivable	47	12
Interest payable on lease liabilities	(522)	(337)
Interest payable	(522)	(337)

MAGNOR PLANT HIRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

5. Tax

	2022	2021
	£000	£000
UK corporation tax charge on profit for the year	430	131
Adjustment in respect of previous years	229	88
Total current tax	659	219
Origination and reversal of timing differences	(104)	47
Adjustment in respect of previous years	160	(93)
Total deferred tax (note 9)	56	(46)
Total tax expense	715	173

Corporation tax is calculated at 19.0% (2021: 19.0%) 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:

	2022	2021
	£000	£000
Profit before tax	2,200	1,493
Tax at the UK corporation tax rate	418	284
<i>Factors affecting the charge for the year:</i>		
Net non-taxable income	25	27
Adjustments to tax charge in respect of previous years	389	(5)
Revaluation of deferred tax balances due to changes in tax rates	-	10
Benefit of super-deduction for new asset purchases	-	(45)
Other	(117)	(98)
Total tax expense	715	173

During 2021 it was announced that the UK statutory tax rate will increase from 19% to 25% from 1 April 2023. Consequently, the applicable tax rate for the Company (taking into account its December year end) is expected to be 19% in 2022, 23.5% in 2023, and 25% in 2024 (and beyond). Deferred taxes at the balance sheet date are measured at the enacted rates that are expected to apply to the unwind of each asset or liability. Accordingly deferred tax balances as at 31 December 2022 have been calculated at a mix of 23.5% and 25%. Deferred tax balances as at 31 December 2021 were calculated at a mix of 19%, 23.5% and 25%.

MAGNOR PLANT HIRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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 2022	2,303	4,702	24,331	31,336
Reclass	-	208	(208)	-
Transfers	-	430	(430)	-
Additions	-	1,026	11,159	12,185
Disposals	-	(1,257)	(5,567)	(6,824)
As at 31 December 2022	2,303	5,109	29,285	36,697
Depreciation				
As at 1 January 2022	-	(3,525)	(9,406)	(12,931)
Transfers	-	(393)	393	-
Charge for the year	-	(625)	(6,417)	(7,042)
Disposals	-	1,244	5,217	6,461
As at 31 December 2022	-	(3,299)	(10,213)	(13,512)
Net Book Value				
As at 31 December 2022	2,303	1,810	19,072	23,185
As at 31 December 2021	2,303	1,177	14,925	18,405

The Company holds some plant & machinery that is fully depreciated. The cost and accumulated depreciation amounts of this fully written down plant, property & equipment is £2.4m and (£2.4m) respectively.

7. Trade and other receivables

	2022 £000	2021 £000
Amounts falling due within one year		
Trade receivables	108	157
Amounts owed by Group undertakings	3,130	611
Prepayments and accrued income	97	468
Other receivables	406	400
	3,741	1,636

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

8. Trade and other payables

	2022 £000	2021 £000
Amounts falling due within one year		
Trade payables	2,236	1,812
Accruals	1,220	1,385
	3,456	3,197

MAGNOR PLANT HIRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

9. Deferred tax (liability)/asset

	2022	2021
	£000	£000
Balance at 1 January	24	(22)
Income statement charge (note 5)	(56)	46
Balance at 31 December	(32)	24

Deferred tax (liability)/asset consists of the following amounts:

	2022	2021
	£000	£000
Accelerated capital allowances	(32)	20
Other	-	4
	(32)	24

10. Share capital

	2022	2021
	£000	£000
Issued, 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

	2022	2021
	£000	£000
Balance as at 1 January	5,742	4,422
Profit for the year	1,485	1,320
Balance as at 31 December	7,227	5,742

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.

Contingent liabilities may also arise in respect of third party claims made against the Group, in the normal course of trading. A provision for such claims is only recognised to the extent that the Directors believe that the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefit will be required to settle the obligation. However, such claims are predominantly covered by the Group's insurance arrangements.

MAGNOR PLANT HIRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

13. Lease liabilities

	Plant & equipment	
	2022	2021
	£000	£000
Maturity analysis		
Within one year	6,919	5,361
Within two to five years	12,351	9,504
	19,270	14,865
	2022	2021
	Plant & equipment	Plant & equipment
	£000	£000
As at 1 January	14,865	8,437
Additions	11,160	11,946
Terminations	(357)	(220)
Repayments	(6,920)	(5,634)
Interest expenses	522	336
As at 31 December	19,270	14,865

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 note 7 of these financial statements.

15. Subsequent events

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