

REGISTERED NUMBER: 00905526 (ENGLAND AND WALES)

MAGNOR PLANT HIRE LIMITED

**ANNUAL REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**



MAGNOR PLANT HIRE LIMITED

CONTENTS OF THE FINANCIAL STATEMENTS

	Page
Company Information	1
Strategic Report	2 - 4
Directors' Report	5 - 7
Independent Auditor's Report	8 - 11
Statement of Comprehensive Income	12
Balance Sheet	13
Statement of Changes in Equity	14
Principal Accounting Policies	15 - 18
Notes to the Financial Statements	19 - 23

MAGNOR PLANT HIRE LIMITED

COMPANY INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2020

Directors	M Atkinson (appointed 21 December 2020) S Crummett J Morgan S Smith L Ledwidge (resigned 30 November 2020)
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 2020

Principal activities

Magnor Plant Hire Limited ("the Company") operates as a plant hire company providing plant resources, specialising in the provision of, tunnelling, 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 2020 £000	Year to 31 December 2019 £000	Change
Revenue	15,448	15,239	+1.4%
Operating profit	2,395	1,266	+89%
Operating profit margin	15.5%	8.3%	+720bps
Profit before tax	2,177	1,009	+116%
Net assets	4,432	2,545	+74%
Cash at bank	4,837	3,443	+40%

During 2020 we saw a number of hire services and sectors that were directly impacted by COVID-19 (C-19). Plant hire and services in our Aviation sector were the most directly affected by C-19 and as such we saw a 78% decrease in sales in this department from 2019. However, in order to mitigate costs as much as possible we transferred a number of assets for hire elsewhere across the business. We saw a number of commercial vehicle hires suspended during April and May amid lockdown and the majority of hires terminated in May on the Airports contract, however the demand for hire of Welfare Units on several contracts, following the outbreak of C-19, resulted in a 4% increase in commercial vehicle revenues for the year. There was continued growth in the provision of company cars to Morgan Sindall Group companies and plant hire and services to the Highways, Nuclear and Energy sectors where we have been investing in additional specialist and general plant. In 2019 we made the decision to reduce our exposure in the Tunnelling sector due to the downturn in opportunities, where Morgan Sindall had no new committed order book going forward, however due to unexpected delays in projects and therefore plant remaining on hire for longer turnover remained similar to 2019. Following the decision to run down the tunnelling activity, costs were very tightly controlled meaning that the margins generated were higher than 2019. Additionally in 2020 we have been very successful in selling the majority of tunnelling assets which generated a profit on disposal of £1.0m (2019: £0.2m).

Looking forward we expect to see continuing cyclical demand in our plant hire revenues particularly for the Energy sector which will increase in 2021 as a number of orders have already been secured, however the reduction in demand for tunnelling and aviation plant will offset this. Furthermore, we anticipate demand to remain stable for plant hires to Highways and Nuclear as well as for our transport solutions which currently represents circa 75% of revenue (2019: 75%).

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.

MAGNOR PLANT HIRE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Financial position and liquidity

The financial position of the Company is presented in the Balance Sheet. The total shareholder's funds at 31 December 2020 were £4.4m (2019: £2.5m). Although the Company had net current liabilities of £2.2m (2019: £4.5m), the Company had £4.8m of cash at 31 December 2020 (2019: £3.4m).

The Company participates in the Group's banking arrangements (under which it is a cross guarantor). As at 31 December 2020 the Group had net cash balances of £333m. The Group also had £180m of committed loan facilities maturing (£30m maturing in March 2022 and £150m maturing in October 2023), which were entirely undrawn as at 31 December 2020.

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, C-19, 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 Group's annual report, which does not form part of this report.

During 2020 there has been the emerging risk of C-19. Initially, short-term mitigation actions were put in place by management which consisted of measures to reduce discretionary costs and improve cash flow.

In response to the pandemic, the Construction Leadership Council brought together companies in the industry to agree Site Operating Procedures ('SOP') which gave guidelines for operating safely during the pandemic. These procedures were aligned to guidance from public health bodies and the UK Government which enabled the industry and the Company to continue to operate construction sites safely. The overall risk and impact of the pandemic and national lockdowns on the businesses has been reduced.

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.

MAGNOR PLANT HIRE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

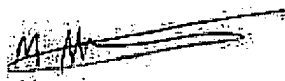
Interest rate risk

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
11 May 2021

MAGNOR PLANT HIRE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their annual report and audited financial statements for the year ended 31 December 2020. 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 4.

These financial statements have been prepared on a going concern basis which presumes that the Company has adequate resources to remain in operation and that the directors intend it to do so for at least one year from the date the financial statements are signed.

The Company continues to operate construction sites safely during the pandemic under the Site Operating Procedures ('SOP') agreed by the Construction Leadership Council and following the advice from UK Government, the devolved administrations and public health authorities. The Company has operated profitably with positive operating cash flows throughout the pandemic whilst under these restrictions. The company's is expected to continue to operate under these guidelines for the foreseeable future until the end of the pandemic.

The Company participates in the Group's banking arrangements (under which it is a cross guarantor). As at 31 December 2020 the Group had net cash balances of £333m. The Group also had £180m of committed loan facilities maturing (£30m maturing in March 2022 and £150m maturing in October 2023), which were entirely undrawn as at 31 December 2020.

The directors, having assessed the responses of the directors of Morgan Sindall Group plc to their enquiries and having received confirmation of its continued support, 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 and the Group of which it is 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 2020.

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.

MAGNOR PLANT HIRE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Dividends

There were no interim dividends paid in the current or prior period. The directors do not recommend the payment of a final dividend (2019: nil).

Post balance sheet events

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 (2019: 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.

Following an audit tender conducted during the year, Ernst & Young LLP were selected as auditor for the Morgan Sindall group. Accordingly, it is intended that Ernst & Young LLP will be appointed to replace Deloitte LLP as auditor for the year ending 31 December 2021.

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

MAGNOR PLANT HIRE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved for and on behalf of the Board



M Atkinson
Finance Director
11 May 2021

MAGNOR PLANT HIRE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

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 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

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

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity 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 Financial Reporting Council's (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

MAGNOR PLANT HIRE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

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 this other information, we are required to report that fact.

We have nothing to report in this regard.

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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which 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 material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework[s] that the Magnor Plant Hire Limited operates in, and identified the key laws and regulations that:

MAGNOR PLANT HIRE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

- had a direct effect on the determination of material amounts and disclosures in the financial statements; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified completeness of revenue recognition as the greatest potential for fraud. Our specific procedures performed to address it are described below:

- assessed the relevant controls over revenue recognition;
- assessed completeness by selecting a sample from reciprocal population and agreeing it to the ledger; and
- assessed accuracy by selecting a sample and agreeing it to third party documentation.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

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 or the directors' report.

MAGNOR PLANT HIRE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

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:

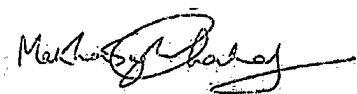
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law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

THE SIGNATURE OF THE SENIOR STATUTORY AUDITOR MUST BE ACCOMPANIED BY THE SIGNATURE OF THE SENIOR STATUTORY AUDITOR'S FIRM



Makhan Chahal ACA (Senior Statutory Auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

11 May 2021

MAGNOR PLANT HIRE LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £000	2019 £000
Revenue	1	15,448	15,239
Cost of sales		(13,894)	(13,878)
Gross profit		1,554	1,361
Administrative expenses		(245)	(249)
Other income		1,086	154
Operating profit	2	2,395	1,266
Interest receivable	4	14	20
Interest payable	4	(232)	(277)
Profit before taxation		2,177	1,009
Tax	5	(291)	(270)
Profit for the financial year attributable to the owners of the Company	11	1,887	739
Total comprehensive income attributable to the owners of the Company		1,887	739

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 2020

	Notes	2020 £000	2019 £000
Non-current assets			
Property, plant and equipment	6	11,243	11,944
Deferred tax asset	9	0	58
		11,243	12,002
Current assets			
Trade and other receivables	7	708	740
Cash and bank balances		4,837	3,443
		5,545	4,183
Total assets		16,788	16,185
Current liabilities			
Trade and other payables	8	(3,686)	(4,368)
Current tax liabilities	5	(211)	(287)
Lease liabilities	13	(3,873)	(4,123)
		(7,770)	(8,778)
Net current liabilities		(2,225)	(4,595)
Total assets less current liabilities		9,018	7,407
Non-current liabilities			
Lease liabilities	13	(4,564)	(4,862)
Deferred Tax liabilities	9	(22)	0
		(4,586)	(4,862)
Total liabilities		(12,356)	(13,640)
Net assets		4,432	2,545
Capital and reserves			
Share capital	10	10	10
Retained earnings	11	4,422	2,535
Total shareholder's funds		4,432	2,545

The financial statements of Magnor Plant Hire Limited (company number 00905526) were approved by the Board and authorised for issue on 11 May 2021. They were signed on its behalf by:



..... M Atkinson, Finance Director
11 May 2021

MAGNOR PLANT HIRE LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital (Note 10) £000	Retained earnings (Note 11) £000	Total £000
At 1 January 2019	10	1,796	1,806
Profit and total comprehensive income	-	739	739
At 1 January 2020	10	2,535	2,545
Profit and total comprehensive income	-	1,887	1,887
At 31 December 2020	10	4,422	4,432

MAGNOR PLANT HIRE LIMITED

PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2020

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

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 References to the Conceptual Framework in IFRS Standards
- Definition of a Business Combination - Amendments to IFRS 3 'Business Combinations'
- Definition of Material - Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'
- Interest Rate Benchmark Reform – Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments – recognition and measurement' and IFRS 7 'Financial Instruments: Disclosures'

(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:

MAGNOR PLANT HIRE LIMITED

PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2020

- IFRS 17 'Insurance Contracts'
- IFRS 4 (amendments) – Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts'
- IAS 1 (amendments) – Classification of Liabilities as Current or Non-Current
- IAS 16 (amendments) – Property, Plant and Equipment — Proceeds before Intended Use
- Annual Improvements 2018-2020 Cycle
- IFRS 3 (amendments) – Reference to the Conceptual Framework
- IAS 37 (amendments) – Onerous Contracts — Cost of Fulfilling a Contract
- IFRS 16 (amendments) – Covid-19-Related Rent Concessions

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 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 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 and having received confirmation of its continued support, 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 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.
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.

MAGNOR PLANT HIRE LIMITED

PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2020

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. In calculating the present value of the lease payments, the Group uses its incremental borrowings 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 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.

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

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 Group'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.

MAGNOR PLANT HIRE LIMITED

PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2020

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 2020

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

	2020	2019
	£000	£000
Operating profit is stated after charging/(crediting):		
Depreciation of tangible fixed assets:		
- owned assets	623	412
- Assets held under hire purchase contracts	222	195
- Right of use assets	4,255	4,196
Profit on sale of tangible fixed assets	(1,086)	(154)
Hire of plant and machinery	5,248	5,126
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 2020 or for the year ended 31 December 2019. Staff working for the Company are employed and remunerated by another group company. None of the directors received any emoluments (2019: £nil) in their capacity as directors of the Company. These individuals are remunerated by another company in the Group.

4. Interest receivables and payables

	2020	2019
	£000	£000
Bank interest receivable	14	20
Interest receivable	14	20
Interest payable on lease liabilities	(232)	(277)
Interest payable	(232)	(277)

MAGNOR PLANT HIRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

5. Tax

	2020	2019
	£000	£000
UK corporation tax charge on profit for the year	338	332
Adjustment in respect of previous years	(127)	(45)
Total current tax	211	287
Origination and reversal of timing differences	69	(17)
Adjustment in respect of previous years	11	-
Total deferred tax (note 9)	80	(17)
Total tax expense	291	270

Corporation tax is calculated at 19.0% (2019: 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:

	2020	2019
	£000	£000
Profit before tax	2,177	1,009
Tax at the UK corporation tax rate	414	192
<i>Factors affecting the charge for the year:</i>		
Net non-taxable income	22	125
Adjustments to tax charge in respect of previous years	(116)	(45)
Revaluation of deferred tax balances due to changes in tax rates	(7)	-
Other	(22)	(2)
Total tax expense	291	270

In the Spring Budget 2020, the UK Government announced that from 1 April 2020 the UK corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). Deferred taxes at the balance sheet are measured using the enacted rates that are expected to apply to the unwind of each asset or liability. Accordingly, deferred tax balances as at 31 December 2019 were calculated at 17%, and deferred tax balances as at 31 December 2020 have been calculated at 19%. This change in deferred tax calculation rate has resulted in a reduced tax charge for the year.

MAGNOR PLANT HIRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

6. Property, plant and equipment

	Freehold land £000	Plant & machinery £000	Right of use assets – Plant & Equipment £000	Total £000
Cost				
As at 1 January 2020	2,303	11,177	15,171	28,651
Additions	-	864	3,757	4,621
Disposals	-	(7,043)	(2,695)	(9,738)
As at 31 December 2020	2,303	4,998	16,233	23,534
Depreciation				
As at 1 January 2020	-	(9,849)	(6,858)	(16,707)
Charge for the year	-	(845)	(4,254)	(5,099)
Disposals	-	6,961	2,554	9,515
As at 31 December 2020	-	(3,733)	(8,558)	(12,291)
Net Book Value				
As at 31 December 2020	2,303	1,265	7,675	11,243
As at 31 December 2019	2,303	1,328	8,313	11,944

Assets with a gross value of £4.5m (2019: £11.3m) and related accumulated depreciation of £3.2m (2019: £10.1m) are held for use in short term hire contracts.

Assets with a gross value of £1.3m (2019: £1.0m) and related accumulated depreciation of £0.6m (2019: £0.4m) are held under hire purchase contracts.

7. Trade and other receivables

	2020 £000	2019 £000
Amounts falling due within one year		
Trade receivables	413	531
Amounts owed by Group undertakings	86	49
Other receivables	209	160
	708	740

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

8. Trade and other payables

	2020 £000	2019 £000
Amounts falling due within one year		
Trade payables	1,530	1,689
Amounts owed to Group undertakings	723	1,686
Accruals	1,433	993
	3,686	4,368

Amounts owed to 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 2020

9. Deferred tax liability

	2020	2019
	£000	£000
Balance at 1 January 2020	58	41
Income statement charge (note 5)	(80)	17
Balance at 31 December 2020	(22)	58

Deferred tax asset consists of the following amounts:

	2020	2019
	£000	£000
Accelerated capital allowances	9	46
Other	(31)	12
	(22)	58

10. Share capital

	2020	2019
	£000	£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

	2020	2019
	£000	£000
Balance as at 1 January	2,535	1,796
Profit for the year	1,887	739
Balance as at 31 December	4,422	2,535

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.

MAGNOR PLANT HIRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

13. Lease liabilities

	Plant & equipment	
	2020	2019
	£000	£000
Maturity analysis		
Within one year	3,873	4,123
Within two to five years	4,564	4,862
	8,437	8,984
	2020	2019
	Plant & equipment	Plant & equipment
	£000	£000
As at 1 January	8,984	9,759
Additions	4,052	3,620
Terminations	(144)	(56)
Repayments	(4,688)	(4,616)
Interest expenses	233	277
As at 31 December	8,437	8,984

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.