Company Registration No. 02220727 (England and Wales)

GARIC LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

GARIC LIMITED

COMPANY INFORMATION

Directors	P J Bibby G F H Bibby J Lewis (Chair) J Barker N Quinn (Managing Director) A J Goody (Finance Director) M Albiston M Tyldsley
Secretary	Bibby Bros. & Co. (Management) Limited
Company number	02220727
Registered office	3rd Floor Walker House Exchange Flags Liverpool L2 3YL United Kingdom
Auditor	Mazars LLP Statutory Auditor 1 St Peters Square Manchester M2 3DE United Kingdom
Bankers	HSBC Bank plc 4 Hardman Square Spinningfields Manchester M3 3EB

GARIC LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

Business Model
The principal activity of the company is the design, fabrication and purchase of plant and machinery for sale or hire by the company.

Review of the Business
Turnover in the year to 31 December 2020 was 1.9% ahead of the previous year at £34.6m (2019: £34.0m). Total hire revenue increased by 14% in 2020, which was partly offset by a fall in product sales due to the impact of covid-19. The growth in hire revenue reflects strong demand from our customers in infrastructure contractor markets for our eco-welfare products to support them in ensuring safe site operating procedures in response to the covid-19 pandemic.

Earnings before interest, tax and depreciation (EBITDA) was 32% above the previous year at £8.5m (2019: £6.4m) and operating profit of £3.4m was up by £1.8m. Our improved profitability was driven by strong hire volumes that were delivered with no increase in our depot network, by cost efficiencies in key operational functions and a notable increase in asset utilisation. Profit for the year also benefitted from furlough receipts of £0.3m, primarily in the second quarter of the year when our manufacturing and new sales functions were shut down.

Fleet capital expenditure of just under £4m was lower than in each of the last two years and meant the net book value of our hire fleet fell slightly during the year. Asset investment in the year was again focused on the company's core welfare fleet and eco range of products.

Strong trading, excellent working capital management and modest capital expenditure enabled a reduction in the ratio of net external debt to EBITDA to 1.6 (2019: 3.2).

Shareholders' funds at 31 December 2020 amounted to £9.3m (2019: £6.3m).

Strategy, Objectives and Principal Risks
The company's strategy is to grow revenue and profit by investing in innovative, high quality and eco-friendly welfare assets for hire to national, regional and local contractors working on rail, road, infrastructure and wider construction projects. This will be supported by delivering outstanding customer service, including on-site fleet servicing. Future hire fleet investment will focus on the company's growing range of eco welfare products.

The company has a risk register that sets out all identified risks and the actions being taken to mitigate those risks. The markets that the company operates in present cyclical risk, with some exposure to the construction sector. This risk is partly mitigated by the growing proportion of revenue generated from supporting tier one contractors in delivering major infrastructure projects where there is less cyclical risk. Wider market and competitive risks are managed by building strong customer relationships, delivering outstanding service to customers and expanding the company's range of innovative eco products. The risk that funding may not be available to enable the company's strategic growth plans is managed by arranging appropriate funding facilities and maintaining good relationships with external debt providers.

Health and safety
Achieving top quartile health and safety performance is a critical objective for the company. The company has continued to develop its safety culture, empowering all employees with the right to stop and find a safer way to work. This approach, coupled with continuous improvement of safe systems of work and risk management, saw a further improvement in health and safety performance as measured by accident and lost time metrics. The Company's operating procedures were continuously developed through 2020 in response to the covid-19 pandemic to reflect emerging best practice in maintaining appropriate social distancing for all employees unable to work from home and in all customer, supplier and stakeholder interactions.

Research and development:
The company has a dedicated in-house Research & Development team who research and develop innovative eco-focused products and continuously develop more energy efficient iterations of existing products. The Company's manufacturing facility is used to build, test and refine proto-type products in-house. The Research & Development team work closely with the sales teams to ensure product development reflects evolving customer needs, reduces energy consumption and lowers harmful emissions.

Financial risk management
The company manages cash flow and liquidity risk by maintaining daily, weekly and monthly cash flow forecasts and by considering whether appropriate funding is in place before committing to major capital expenditure projects.

The company is exposed to credit risk in respect of its customers. This is managed by carrying out credit checks, setting and monitoring credit limits, monitoring payment performance, placing credit insurance where possible and striving to maintain strong customer relationships. The company's policy is to minimise uninsured credit risk where it is considered cost effective to do so.

The company is exposed to interest rate risk on its debt facilities. An interest rate swap is in place that switches £10m of external debt from a floating interest rate to a fixed interest rate until October 2021.

Key performance indicators

The following principal key performance indicators are monitored by the Board.

- Turnover growth: 1.9% (2019: 24.3%)
- EBITDA: £8.5m (2019: £6.4m)
- EBITDA margin: 24.6% (2019: 18.9%)
- Operating profit margin: 10.0% (2019: 5.0%)
- Hire fleet net book value: £25.0m (2019: £26.5m)
- Ratio of net external debt to EBITDA: 1.6 (2019: 3.2)
- Shareholders' funds: £9.3m (2019: £6.3m)

Future developments

Future developments will include fleet expansion focused on further development of innovative eco-related products, supported by ongoing investment in our people and in operational efficiencies. Whilst the focus will be on delivering continued organic growth, acquisitions will be considered where they support the company's strategic objectives.

Parent undertaking

The company is a wholly owned subsidiary of Bibby Taurus Limited which is itself, indirectly, a wholly owned subsidiary of Bibby Line Group Limited, both of which are registered in England.

Going concern

In order to manage liquidity risk the company prepares daily, weekly and monthly cash flow forecasts, with the monthly cash flow forecasts looking forward for a rolling 15-month period. The key sensitivities are the level of cash expected to be generated from future trading and the timing of future capital expenditure. Capital expenditure commitments are at the discretion of the directors and are only made when funding is available.

In carrying out their duties in respect of going concern, the directors have carried out a review of the company's financial position and cash flow forecast for a period of 12 months from the date of signing these financial statements. The forecast was based on a detailed review of revenue, expenditure and cash flows, taking into account specific business risks and uncertainties about the economic environment and events in the wider construction sector, including the potential future impact on the company of disruption as a result of the ongoing covid-19 virus. The directors' best estimate of the likely impact of future covid-19 related disruption has been taken into account in the directors' review of the company's financial position and cash flow forecast.

Partly as a result of the UK's departure from the European Union on 31 December 2020 the Company has experienced some disruption in supply lines. The expected impact of this on the rate of fleet expansion has been taken into account in the directors' review of the company's financial position and cash flow forecast. The directors expect the company's core UK infrastructure market to remain stable.

The company has an Asset Based Lending (ABL) facility with HSBC UK Bank that expires on 25 February 2024. The ABL facility comprises:

- a rolling inventory facility secured on qualifying fixed assets; availability is based on the net book value and net orderly liquidated value of the assets and capped at £25m (2019: £30m); £18.5m was drawn on this facility at 31 December 2020 (2019: £19.5m);
- a rolling invoice discounting facility secured on the company's debtor balances, capped at £7m (2019: £10m); nothing was drawn on this facility at 31 December 2020 (2019: £2.3m).

The company has a £1.5m unsecured overdraft facility with HSBC UK Bank, put in place on 7 May 2020 and running until 7 May 2021, repayable on demand. Nothing was drawn on this facility at 31 December 2020.

At 31 December 2020 the company owed £6.2m (2019: £6.6m) to Bibby Line Group Limited, all of which was due in more than one year.

After making due enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for at least 12 months from the date of approval of the financial statements. While there remains significant uncertainty as to the future impact of the covid-19 pandemic, the company and its ultimate parent entity Bibby Line Group Limited continue to conduct ongoing risk assessments of the potential impact of the pandemic on its business operations and liquidity. The impact on the company to date is summarised in this Strategic Report. Having undertaken these assessments, the directors consider that the company will be able to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

This report was approved by the Board of Directors on 27 April 2021 and signed on its behalf by:

A J Goody
Director
27 April 2021

GARIC 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 review of the business, principal activities, strategy, objectives and risks, going concern and future developments are covered within the strategic report.

Results and dividends

The results for the year are set out on page 12.

No dividend (2019: £nil) has been paid in the year on the ordinary shares. No dividends have been proposed at the date of this report.

Directors indemnities

The Company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Directors

The directors of the company who served during the year and up to the point of signing, except as noted below, were as follows:

	Appointed	Resigned
P J Bibby		
G F H Bibby	1 January 2021	
J Cresswell		31 December 2020
J Lewis		
J Barker		
N Quinn		
A J Goody		
M Albiston		
M Tyldsley		

Employees

During the year the company held regular online and, where safe and permitted, in person briefing meetings to provide colleagues with information relevant to them and to invite feedback from colleagues on matters of concern to them. The company also provides a quarterly written update to all colleagues covering company initiatives, financial performance and operational and health and safety matters. A colleague engagement survey was held during the year to supplement the regular formal and informal engagement with them and a colleague-led working group has been set up to take forward the opportunities identified by the survey.

The Company is committed to the full and fair consideration of all applications for employment made by disabled persons, to continuing the employment of, and arranging training for, persons who become disabled during their employment, and to enabling the training, career development and promotion of disabled employees.

Energy and carbon reporting

During 2020 the company used 10,165,323 KwH of energy resulting in 2,432 tonnes of CO2 emissions. This equates to 293,795 KwH and 70 tonnes of CO2 emissions per million pounds of revenue. Vehicle fuel consumption accounted for over 90% of energy use in 2020.

The company is committed to minimising its environmental impact and that of its customers and has introduced a sustainability policy. Fuel efficiency measures undertaken in 2020 include replacing older vehicles with more fuel-efficient models, refining transport planning to minimise miles travelled, driver training and monitoring to encourage fuel efficient driving, the introduction of hybrid and electric vehicles into all company car bands and the trial of an electric forklift truck at our largest depot. Electrical efficiency was improved during 2020 by rewiring our head office and extending the use of LED lights.

Section 172(1) statement

The Board of directors consider in good faith, both individually and together, that during the year ended 31 December 2020 they acted in a way that promoted the success of the company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s.172 (1)(a-f) of the Companies Act). The stakeholders the Board considers in this regard are the company's employees, customers, suppliers, funders, shareholders and the local communities in which the company operates. The directors' approach to considering the matters referred to in s.172 (1)(a-f) of the Companies Act is summarised below.

- ***The likely consequences of any decision in the long-term.*** The company's principal purpose is to grow long term value for the benefit of its ultimate shareholders and at the same time to develop colleagues, delight customers and give back to communities. Long-term strategic opportunities are captured in the company's annual operating plan that covers a three-year horizon. A long-term incentive plan is in place for the executive directors of the company to assist in the delivery of long-term objectives. Investment decisions are typically evaluated using cash flow models that project future performance for at least five years. The Board strives to ensure that day-to-day decisions look ahead and anticipate the future needs of all stakeholders. A risk register is maintained to assist the Board in evaluating long and short-term risks.

- ***The interests of the company's employees.*** The directors strive to view our colleagues as the most important part of our business and to provide them with safe working environments and the tools, training and development they need to do their job effectively. During the year we further developed our Inclusion and Diversity Programme including a calendar of events to celebrate and promote our inclusive culture. As set out above, during the year the company carried out a colleague engagement survey to supplement the regular formal and informal engagement with colleagues to ensure the Board listens to, engages with and learns from all colleague perspectives on the business. A colleague-led working group has been set up to take forward the opportunities identified by the survey.

- ***The need to foster the company's business relationships with suppliers, customers and others.*** The directors hold regular meetings with customers, suppliers, banks and other stakeholders to ensure they understand what these stakeholders need from their business relationships with the company and to provide them with the information they require on our business. The key outcomes of these meetings are reported to and considered by the Board. The company regularly captures formal and informal customer feedback to help maintain and enhance our strong service provision. The company has a procurement and supply chain management policy that sets out how relationships will be fostered with suppliers.

- ***The impact of the company's operations on the community and the environment.*** The company is committed to minimising its environmental impact, creating safe places for our people to work and supporting our communities. These commitments are set out in the company's sustainability policy. The Board considers the company's environmental impact through an annual report that sets out our environmental footprint and progress against carbon reduction targets. The Executive Directors review health, safety and environmental matters each week. The company designs and manufactures environmentally friendly products to help customers minimise the environmental impact of their operations. The company holds a Gold RoSPA award in recognition of its outstanding health and safety achievements. The company encourages its employees to fundraise and volunteer for causes close to their hearts, and to participate in the Giving Something Back Charitable programme organised by our parent company.

- ***The desire of the company to maintain a reputation for high standards of business conduct.*** The company's values provide the guiding framework for ensuring decisions and actions are safe, responsible, have integrity and consider those people and organisations that may be affected by them. Employee recruitment, training, development and appraisals are all based on these values. The company's corporate governance and standards of business conduct are reviewed by the company's shareholder, both informally and through periodic internal audits.

- ***The need to act fairly as between members of the company.*** The company has one corporate shareholder that it engages with through weekly discussions, monthly management information, formal Board meetings and the provision of ad hoc information as required.

Disclosure of Information to 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
- The Director has taken all the steps that they ought to have taken as a director to make themselves 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 s418 of the Companies Act 2006.

Mazars LLP have indicated their willingness to be re-appointed for another term and appropriate arrangements have been made for them to be deemed re-appointed as auditor in the absence of an Annual General Meeting.

Approved by the Board and signed on its behalf by:

A J Goody
Director
27 April 2021

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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 the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GARIC LIMITED

Opinion
We have audited the financial statements of Garic Limited (the 'company') for the year ended 31 December 2020 which comprise the Statement of Profit or Loss Account, Balance Sheet, Statement of Changes in Equity, Cashflow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:
- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

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

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

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

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

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 9, 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 the financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of Garic and its industry, we identified that the principal risks of non-compliance with laws and regulations related to the UK tax legislation, employment regulation and health and safety regulation, and non-compliance with implementation of government support schemes relating to COVID-19 and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006.

We evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to the bad and doubtful debt provisioning ,depreciation of tangible assets, and the recognition of a deferred tax asset.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the directors and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GARIC LIMITED (CONTINUED)

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

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

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

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

Use of the audit report

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

Tim Hudson (Apr 28, 2021 12:23 GMT+1)

Tim Hudson (Senior statutory auditor)
For and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
Manchester, United Kingdom
28 April 2021

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £'000	2019 £'000
Turnover	2	34,639	33,995
Cost of sales		(22,582)	(24,568)
Gross profit		12,057	9,427
Administrative expenses		(8,933)	(7,732)
Other income	3	325	-
Operating profit		3,449	1,695
Profit on disposal of non-fleet fixed assets		3	77
Profit before interest		3,452	1,772
Interest payable and similar charges	4	(1,155)	(1,291)
Profit / (loss) before taxation		2,297	481
Tax on profit / (loss)	5	688	207
Profit for the financial year	3	2,985	688

All results are derived from continuing operations.

There are no recognised gains and losses in either year other than those included in the profit and loss account above, therefore no separate statement of comprehensive income has been presented.

GARIC LIMITED

BALANCE SHEET
AS AT 31 DECEMBER 2020

	Notes	£'000	31 December 2020 £'000	£'000	31 December 2019 £'000
Fixed assets					
Tangible assets	**8**		27,119		28,955
Current assets					
Stocks	**9**	1,200		1,619	
Debtors	**10**	8,644		8,580	
Cash at bank and in hand		4,662		956	
		14,506		11,155	
Creditors: amounts falling due within one year	**11**	(7,204)		(7,928)	
Net current assets			7,302		3,227
Total assets less current liabilities			34,421		32,182
Creditors: amounts falling due after more than one year	**12**		(24,627)		(25,806)
Provisions for liabilities	**14**		(516)		(83)
Net assets			9,278		6,293
Capital and reserves					
Called up share capital	**15**		3,950		3,950
Profit and loss account			5,328		2,343
Shareholders' funds			9,278		6,293

The financial statements of Garic Limited, registered number 02220727, were approved by the Board of Directors and authorised for issue on 27 April 2021. They were signed on its behalf by:

A J Goody
27 April 2021

GARIC LIMITED

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

	Called up share capital £'000	Profit and loss account £'000	Shareholders' funds £'000
At 1 January 2019	3,950	1,655	5,605
Profit and total comprehensive income for the financial year	-	688	688
At 31 December 2019	3,950	2,343	6,293
Profit and total comprehensive income for the financial Year	-	2,985	2,985
At 31 December 2020	3,950	5,328	9,278

GARIC LIMITED

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	£'000	Year ended 31 December 2020 £'000	£'000	Year ended 31 December 2019 £'000
Cash flows from operating activities					
Operating profit for the financial year			3,449		1,695
Adjustments for:					
Depreciation of tangible fixed assets		5,072		4,746	
Profit on disposal of fixed assets		(345)		(504)	
Decrease / (Increase) in debtors		623		(459)	
Decrease / (Increase) in inventories		418		(513)	
Increase in creditors		1,904		974	
Increase in provisions		516		-	
			8,188		4,244
Net cash inflow from operating activities			11,637		5,939
Cash flows from investing activities					
Proceeds from sale of equipment		1,125		1,130	
Purchases of property, plant and equipment		(4,412)		(6,290)	
Net cash used in investing activities			(3,287)		(5,160)
Cash flows from financing activities					
Interest paid		(837)		(930)	
Repayment of capital element of finance lease and hire purchase contracts		-		-	
New finance lease and hire purchase contracts		-		-	
Loan from ultimate parent undertaking		-		-	
Repayment of intergroup loans		(490)		(250)	
(Repayment) / drawdown of ABL inventory facility		(1,000)		2,250	
Net cash from in financing activities			(2,327)		1,070
Net increase / (decrease) in cash and cash equivalents in the year			6,023		1,849
Cash and cash equivalents at the start of the year			(1,361)		(3,210)
Cash and cash equivalents at the end of the year			4,662		(1,361)

GARIC LIMITED

NOTE TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

Analysis of net debt	**2019** **£'000**	**Cash flow** **£'000**	**Other non-cash changes** **£'000**	**2020** **£'000**
Net cash:				
Cash at bank and in hand	956	3,706	-	4,662
Invoice discounting facility	(2,317)	2,317	-	-
	(1,361)	6,023	-	4,662
Debt:				
ABL inventory facility	(19,246)	1,000	(140)	(18,386)
Ultimate parent company loan	(6,560)	490	(171)	(6,241)
	(25,806)	1,490	(311)	(24,627)
Net debt	(27,167)	7,513	(311)	(19,965)

Garic Limited is a company incorporated in the United Kingdom under the Companies Act. Garic Limited is a private company limited by shares and is registered in England. The address of the Company's registered office is 3rd Floor, Walker House, Exchange Flags, Liverpool, L2 3YL. The principal activities of Garic Limited and the nature of the company's operations are set out in the strategic report on pages 4 to 6.

1 Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

1.1 Accounting convention

The financial statements have been prepared under the historical cost accounting rules and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

Garic Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Garic Limited is consolidated in the financial statements of its ultimate parent, Bibby Line Group Limited, which may be obtained at the address stated in note 19. Exemptions have been taken in these separate Company financial statements in relation to related party transactions, financial instruments disclosure and remuneration of key management personnel.

The functional currency is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

1.2 Going concern

In carrying out their duties in respect of going concern, the directors have carried out a review of the company's financial position and cash flow forecast for a period of 12 months from the date of signing these financial statements. The forecast was based on a detailed review of revenue, expenditure and cash flows, taking into account specific business risks and uncertainties about the economic environment and events in the wider construction sector, including the potential future impact on the company of disruption as a result of the ongoing covid-19 virus. The directors' best estimate of the likely impact of future covid-19 related disruption has been taken into account in the directors' review of the company's financial position and cash flow forecast.

Partly as a result of the UK's departure from the European Union on 31 December 2020 the company has experienced some disruption in supply lines. The expected impact of this on the rate of fleet expansion has been taken into account in the directors' review of the company's financial position and cash flow forecast. The directors expect the company's core UK infrastructure market to remain stable.

The company has an Asset Based Lending (ABL) facility with HSBC UK Bank that expires on 25 February 2024. The ABL facility comprises:

- a rolling inventory facility secured on qualifying fixed assets; availability is based on the net book value and net orderly liquidated value of the assets and capped at £25m (2019: £30m); £18.5m was drawn on this facility at 31 December 2020 (2019: £19.5m);
- a rolling invoice discounting facility secured on the company's debtor balances, capped at £7m (2019: £10m); nothing was drawn on this facility at 31 December 2020 (2019: £2.3m).

The company has a £1.5m unsecured overdraft facility with HSBC UK Bank, put in place on 7 May 2020 and running until 7 May 2021, repayable on demand. Nothing was drawn on this facility at 31 December 2020.

At 31 December 2020 the company owed £6.2m (2019: £6.6m) to Bibby Line Group Limited, all of which was due in more than one year.

After making due enquiries, including modeling various downside scenarios, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for at least 12 months from the date of approval of the financial statements. While there remains significant uncertainty as to the future impact of the covid-19 pandemic, the company and its ultimate parent entity Bibby Line Group Limited continue to conduct ongoing risk assessments of the potential impact of the pandemic on its business operations and liquidity. The impact on the company to date is summarised in this Strategic Report. Having undertaken these assessments, the directors consider that the company will be able to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

1 Accounting policies (continued)

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts. It includes amounts received for the hire, transport and support of plant hire assets. In addition, it includes revenue received on the sale of ex-hire and new assets. Revenue is recognised when the service or item being sold is delivered to the customer or collected by the customer.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of each asset over its expected useful life, as follows:

Hire equipment	6.7% - 33.3% pa straight line
Plant and machinery	25% pa reducing balance
Fixtures, fittings & equipment	15% pa straight line
Motor vehicles	16% pa straight line

Assets under construction are not depreciated. The cost of equipment for contract hire is capitalised. These costs comprise materials and labour directly attributable to the identifiable equipment. On disposal the proceeds are recorded within turnover and net book value eliminated via cost of sales.

1.5 Leasing

Rentals payable under operating leases are charged against income on a straight-line basis over the lease term even when the payments are not made on such a basis.

1.6 Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs to completion and disposal.

1.7 Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions are charged to the profit and loss account in the year they are incurred.

1.8 Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences which have originated but not reversed at the balance sheet date. Timing differences are differences that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A deferred tax asset is recognised when it is regarded as more likely than not that there will be future taxable profits against which the reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates which are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws which have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non - discounted basis.

1.9 Interest and discounting costs

The company recognises interest and other finance related costs as these costs are incurred.

1.10 Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

1 Accounting policies (continued)

1.11 Finance costs and bank borrowings
Interest bearing loans are recorded at the proceeds received net of direct issue costs.

1.12 Invoice discounting facility
The business has an invoice factoring agreement in place. The provider has recourse and therefore the bad debt risk remains with Garic Limited. Due to this, trade debtors are presented gross.

1.13 Government grants
Grants in respect of costs incurred by the entity are recognised when the grant becomes receivable.

1.14 Critical accounting judgements and key sources of estimation uncertainty
In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised 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.

Critical judgements in applying the Company's accounting policies
There are no critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of preparing these financial statements.

Key source of estimation uncertainty
The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Depreciation of tangible assets
Determining the most appropriate useful economic life of tangible fixed assets hired to customers requires an estimation of their useful life and residual value on disposal.

The useful economic life and subsequent depreciation charge and net book value are estimated by the directors based on the historic useful life and residual value of each asset class with allowance made for the risk of technical change.

2 Turnover
The total turnover of the company for the current and prior year has been derived from its principal activity wholly undertaken in the United Kingdom. An analysis of the company's turnover by class of business is set out below.

	2020 £'000	2019 £'000
Hire and associated income	31,293	27,464
New Equipment Sales	2,251	5,660
Ex-Hire Equipment Sales	1,095	871
	34,639	33,995

3 Profit for the financial year

	2020 £'000	2019 £'000
Profit for the year is stated after charging/(crediting):		
Amounts received under the Coronavirus Job Retention Scheme Included in Other Income	(325)	-
Depreciation of tangible assets:		
Owned	5,072	4,746
Profit on disposal of tangible assets	(345)	(504)
Operating lease rentals - land & buildings	724	716
Operating lease rentals - plant & machinery	1,731	1,286
Auditor's remuneration for the audit of the company's financial statements	40	40

There were no non audit fees payable to the auditor in either years.

4 Interest payable and similar charges

	2020 £'000	2019 £'000
Inventory facility	775	816
Invoice discount interest	69	122
Interest payable to group companies	171	207
Other interest	140	146
	1,155	1,291

5 Tax on profit

	2020 £'000	2019 £'000
UK corporation tax		
UK corporation tax	-	-
Current tax charge / (credit)	(29)	-
Deferred tax		
Deferred tax current year	(659)	(1,370)
Deferred tax prior year adjustments	-	1,163
Total deferred tax charge / (credit) (see note 13)	(688)	(207)
Total tax on profit	(688)	(207)

5. Tax on profit / (loss) (continued)

The difference between the total tax charge shown above and the amount calculated by applying the standard rate of UK Corporation tax to the profit / (loss) before tax is as follows:

	2020	2019
	£'000	£'000
Profit before taxation	2,297	481
Profit before taxation multiplied by the standard rate of UK corporation tax of 19% (2019: 19%)	436	91
Effects of:		
Non-deductible expenses	15	19
Movement in deferred tax not recognised	255	(803)
Adjustment in respect of prior years	(24)	-
Deferred tax prior year adjustments	-	1,163
Deferred tax rate change on opening balances	(55)	67
Group relief tax not paid for	(1,315)	(744)
Total tax credit	(688)	(207)

The rate of UK corporation tax rate was 20% until 1 April 2017 when it reduced to 19%

6 Directors' emoluments

	2020	2019
	£'000	£'000
Emoluments (including amounts accrued under long term incentive plans)	1,274	615
Company contributions to money purchase pension scheme	55	53
	1,329	668
The amounts payable in respect of the highest paid director were:		
Emoluments (including amounts accrued under long term incentive plans)	359	177
Company contributions a money purchase pension scheme	12	13
	371	190

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to four (2019: four).

7 Employees

Number of employees

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

	2020	2019
	Number	Number
Sales, operations, transport & administration	269	266
	£'000	£'000
Employment costs		
Wages and salaries	9,085	8,269
Social security costs	1,009	900
Other pension costs	374	329
	10,468	9,498

8 Tangible fixed assets

Cost	Hire equipment £'000	Plant & machinery £'000	Fixtures, fittings & equipment £'000	Motor vehicles £'000	Assets under construction £'000	Total £'000
At 1 January 2020	44,305	1,517	1,157	2,764	232	49,975
Additions	3,658	114	171	60	12	4,015
Disposals	(2,713)	-	(32)	(163)	-	(2,908)
At 31 December 2020	45,250	1,631	1,296	2,661	244	51,082
Depreciation						
At 1 January 2020	17,800	1,046	596	1,578	-	21,020
Charge for the year	4,381	230	164	297	-	5,072
On disposals	(1,960)	-	(28)	(141)	-	(2,129)
At 31 December 2020	20,221	1,276	732	1,734	-	23,963
Net book value						
At 31 December 2020	25,029	355	564	927	244	27,119
At 31 December 2019	26,505	471	561	1,186	232	28,955

No assets were held under finance leases or hire purchase contracts.

9 Stocks and work in progress

	2020 £'000	2019 £'000
Work in progress	123	717
Raw materials	1,077	902
	1,200	1,619

There is no material difference between the balance sheet value of stocks and their replacement cost.

10 Debtors

	2020 £'000	2019 £'000
Trade debtors	6,778	7,143
Prepayments and accrued income	602	928
Other debtors	127	31
Deferred tax	1,137	478
	8,644	8,580

11 Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Invoice discounting facility	-	2,317
Trade creditors	1,828	2,619
Other taxes and social security costs	2,123	1,209
Accruals and deferred income	3,253	1,783
	7,204	7,928

The invoice discounting facility has a £7,000,000 limit and is secured on the trade debtors of the company.

Accruals and deferred income include accrued pension costs of £47,000 (2019: £45,000).

12 Creditors: amounts falling due after more than one year

	2020 £'000	2019 £'000
Amounts owed to group undertakings	6,241	6,560
Net obligations under ABL inventory facility	18,386	19,246
	24,627	25,806

The company has an Asset Based Lending (ABL) facility with HSBC UK Bank that expires on 25 February 2024. Further details are set out in the Strategic Report. The net obligation at 31 December 2020 of £18,386,000 (2019: £19,246,000) comprised the amount drawn down of £18,500,000 (2019: £19,500,000) less unamortised arrangement fees of £114,000 (2019: £246,000). The arrangement fees are being amortised through interest costs over the life of the facility.

Amounts owed to group undertakings includes interest of £171,000 (2019: £210,000) charged in the year at 2.55% over BoE base rate (2019: 2.55% over BoE base rate).

13 Deferred tax asset

	£'000
Balance at 1 January 2020	478
Profit and loss account credit	659
Balance at 31 December 2020	1,137

The deferred tax asset is made up as follows:

	2020 £'000	2019 £'000
Depreciation in excess of capital allowances	942	419
Other short-term timing differences	195	59
	1,137	478

14 Provisions for liabilities

	Property	Long Term Incentive Plan	Other	Total
	£'000	£'000	£'000	£'000
Balance as at 1 January 2020	83	-	-	83
Charged in the year	127	176	130	433
Utilised in the year		-	-	
Balance as at 31 December 2020	210	176	130	516

Property provisions primarily relate to probable dilapidations obligations on expiry of the company's property leases. The long-term incentive plan provision is the best estimate of future payments due to directors based on the future profitability of the company.

15 Share capital & reserves

	2020 £'000	2019 £'000
Authorised, allotted, called up and fully paid		
3,950,100 Ordinary shares of £1 each (2019: 3,950,100 Ordinary shares)	3,950	3,950
	3,950	3,950

The company has one class of voluntary shares which carry no right to fixed income. The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

16 Operating lease commitments

At the end of the year the company had the following total minimum lease payments under non-cancellable operating leases:

	2020	2019
	£'000	**£'000**
Land & buildings		
Less than one year	723	712
One to five years	1,850	2,241
After five years	-	299
	2,573	3,252
Plant & machinery		
Less than one year	1,282	1,215
One to five years	2,837	2,718
After five years	-	-
	4,119	3,933

17 Capital commitments

Expenditure contracted for but not provided in the financial statements:

	2020	**2019**
	£'000	**£'000**
Capital commitments (tangible assets)	3,497	767

18 Related parties

In accordance with FRS 102 the company is exempt from disclosing transactions with other group companies as 100% of the voting rights are controlled by the ultimate parent undertaking, Bibby Line Group Limited. Details of related party balances can be found in note 12.

19 Ultimate parent company and controlling party

The company is a wholly owned subsidiary of Bibby Taurus Limited which itself is a wholly owned subsidiary of Bibby Holdings Limited, which is a wholly owned subsidiary of Bibby Line Group Limited, all of which are registered in England.

Bibby Holdings Limited is the parent undertaking of the smallest group which consolidates these accounts, and of which the company is a member. Copies of the group financial statements may be obtained from Bibby Holdings Limited registered address, 3rd Floor, Walker House, Liverpool, L2 3YL. This is the same address for Bibby Taurus Limited.

Bibby Line Group Limited is the ultimate controlling party and the ultimate parent undertaking of the largest group which incorporates these accounts, and of which the company is a member. Copies of the group financial statements may be obtained from Bibby Line Group Limited, 3rd Floor, Walker House, Liverpool, L2 3YL, which is its registered address.