Company Registration No. 02220727 (England and Wales)

GARIC LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

GARIC LIMITED

COMPANY INFORMATION

Directors	P J Bibby G F H Bibby J G Lewis (Chair) N C P Quinn M Albiston (Managing Director) A J Goody (Finance Director) 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 2021

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GARIC LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

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 2021 was 8% ahead of the previous year at £37.3m (2020: £34.6m).

Total hire and associated revenue increased by 10% in 2021 due to continued strong demand from our customers in infrastructure contractor markets for our eco-welfare products. Our core infrastructure market enjoyed strong growth as major projects delayed by the covid pandemic in 2020 started or scaled up during 2021. Demand for our hire fleet and related service routines was boosted as we supported our customers in delivering safe site operating procedures through the covid-19 pandemic.

Earnings before interest, tax and depreciation (EBITDA) was 27% above the previous year at £10.8m (2020: £8.5m, which represented annual growth in that year of 32%) and operating profit of £5.6m was up by £2.2m (63%). This 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 excellent asset utilisation throughout the year.

Fleet capital expenditure of just under £4m was in line with last year, reflecting supply chain challenges. Asset investment in 2021 was again focused on the company's core eco welfare products. The net book value of our hire fleet fell slightly during the year.

Strong trading, excellent working capital management and modest capital expenditure enabled a reduction in the ratio of net external debt to EBITDA to 0.9 at the end of 2021 (2020: 1.6), with significant headroom against available facilities.

Shareholders' funds at 31 December 2021 amounted to £14.1m (2020: £9.3m).

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 is 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 the company's growth targets cannot be met because supply chain challenges limit expansion of our hire fleet is managed by maintaining good relationships with key suppliers, retaining capacity to manufacture certain products in-house and working to ensure high utilisation of our existing hire fleet assets.

The company is facing rising energy, material and other input costs. This risk is partly mitigated by careful management of controllable costs and seeking productivity gains where possible.

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

Providing a safe and healthy working environment 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 2021 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 team 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 was in place to switch £10m of external debt from a floating interest rate to a fixed interest rate. This swap expired in October 2021.

Key performance indicators

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

- Turnover growth: 8% (2020: 2%)
- EBITDA: £10.8m (2020: £8.5m)
- EBITDA margin: 29% (2020: 25%)
- Operating profit margin: 15% (2020: 10%)
- Hire fleet net book value: £24.3m (2020: £25.0m)
- Ratio of net external debt to EBITDA: 0.9 (2020: 1.6)
- Shareholders' funds: £14.1m (2020: £9.3m)

Future developments

The company's core UK infrastructure market remains buoyant. 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 at least 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.

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 (2020: £25m); £9.5m was drawn on this facility at 31 December 2021 (2020: £18.5m);
- a rolling invoice discounting facility secured on the company's debtor balances, capped at £7m (2020: £7m); £1.5m was drawn on this facility at 31 December 2021 (2020: £nil).

The company had a £1.5m unsecured overdraft facility, repayable on demand, with HSBC UK Bank that expired on 7 May 2021. This facility was not renewed as the ABL facility provided adequate funding availability and headroom. Nothing was drawn on the overdraft facility at 31 December 2020.

At 31 December 2021 the company owed £4.6m (2019: £6.2m) 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. 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 25 April 2022 and signed on its behalf by:

A J Goody
Director
25 April 2022

GARIC LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

Garic Limited ('the company') provides design, fabrication and purchase of plant and machinery for sale or hire. The company is a private company limited by shares and is incorporated in England. The address of its registered office is 3rd Floor, Walker House, Exchange Flags, Liverpool, L2 3YL.

The directors present their annual report and audited financial statements for the year ended 31 December 2021. 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 14.

No dividend (2020: £nil) has been paid in the year on the ordinary shares. No dividends have been proposed at the date of this report.

Future developments

Future developments are set out in the Strategic Report.

Research and Development

The company's research and development activities are set out in the Strategic Report.

Post balance sheet events

There are no post balance sheet events to disclose in these financial statements (2020: none).

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 G Lewis		
J Barker		31 March 2022
N C P 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 monthly written update to all colleagues covering company initiatives, financial performance and operational and health and safety matters.

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 2021 the company used 11,187,184 KwH of energy (2020: 9,571,792) resulting in 2,721 tonnes of CO2 emissions (2020: 2,355). This equates to 300,053 KwH and 73 tonnes of CO2 emissions per million pounds of revenue (2020: 276,330 KwH and 68 tonnes of CO2 emissions). The carbon intensity of the company's operations, as measured by CO2 emissions per million pounds of revenue, increased by 7% in 2021 due to the return to more normal working patterns following the disruption caused by the covid-19 pandemic in 2020. Vehicle fuel consumption accounted for 94% of energy use in 2021 (2020: 93%).

The company is committed to becoming a sustainable business, striving to minimise its own environmental impact, influencing positive change with its customers, colleagues and suppliers, and has introduced a sustainability policy. The company is committed to minimising its environmental impact and that of its customers which is reflected in its sustainability policy and its commitment to achieve net zero carbon emissions by 2040.

Carbon reduction measures undertaken in 2021 include the continued replacement of older vehicles for new, more fuel-efficient models, optimisation of transport planning to reduce non-productive miles travelled, a switch to hybrid and electric company cars for business users, switching electricity supply to a fully renewable tariff across all depots and offices and a program of work to map the company's scope 1,2 and 3 carbon emissions.

The company's sustainability goals in 2022 include the transition to low carbon fuels where possible and fully signing up to science-based targets for carbon reduction.

Section 172(1) statement

The Board of directors consider in good faith, both individually and together, that during the year ended 31 December 2021 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. We also continued our health and wellbeing program and offer mental health awareness training to all employees. Our learning and development program was strengthened during the year with the appointment of our first dedicated Learning and Development Manager and the launch of an apprenticeship policy. During the year the company continued to hold regular formal and informal engagement with colleagues to ensure the Board listens to, engages with and learns from all colleague perspectives on the business.

- ***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. Progress on energy use and carbon emissions is summarised above. The Executive Directors review health, safety and environmental matters each week and as required. 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 govemance 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.

The company is part of the Bibby Group's Compass program that involves regular initiatives to promote and focus on our customers, our people, our communities and the environment.

Disclosure of Information to the auditor

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

- So far as the Directors are aware, there is no relevant audit information of which the company's auditor is unaware; and
- The Directors have taken all the steps that they ought to have taken as directors 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.

Independent Auditors

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

25 April 2022

GARIC LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

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.

GARIC LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GARIC LIMITED

Opinion

We have audited the financial statements of (the 'company') for the year ended 31 December 2021 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 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Our audit procedures to evaluate the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included but were not limited to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the company's ability to continue as a going concern;
- Conducted management enquiries to obtain an understanding of the assumptions they have considered and

the implications of those when assessing the company's future;

- Evaluating the directors' method to assess the company's ability to continue as a going concern;
- Reviewing the directors' going concern assessment, which incorporated severe but plausible scenario;
- Evaluating the key assumptions used and judgements applied by the directors in forming their conclusions on going concern; and
- Reviewing the appropriateness of the directors' disclosures in the financial statements.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the strategic report, 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 10, 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 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, accruals, provisions 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.

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

Senior statutory auditor for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

Manchester, United Kingdom

25 April 2022

GARIC LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £'000	2020 £'000
Turnover	**2**	37,284	34,639
Cost of sales		(22,525)	(22,582)
Gross profit		14,759	12,057
Administrative expenses		(9,125)	(8,933)
Other income	**3**	-	325
Operating profit		5,634	3,449
Profit on disposal of non-fleet fixed assets		100	3
Profit before interest		5,734	3,452
Interest payable and similar charges	**4**	(958)	(1,155)
Profit / (loss) before taxation		4,776	2,297
Tax on profit / (loss)	**5**	(4)	688
Profit for the financial year	**3**	4,772	2,985

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.

The notes on pages 19 to 27 form an integral part of these financial statements.

GARIC LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	£'000	31 December 2021 £'000	£'000	31 December 2020 £'000
Fixed assets					
Tangible assets	**8**		26,626		27,119
Current assets					
Stocks	**9**	1,525		1,200	
Debtors	**10**	8,015		8,644	
Cash at bank and in hand		698		4,662	
		10,238		14,506	
Creditors: amounts falling due within one year	**11**	(7,574)		(7,204)	
Net current assets			2,664		7,302
Total assets less current liabilities			29,290		34,421
Creditors: amounts falling due after more than one year	**12**		(13,947)		(24,627)
Provisions for liabilities	**14**		(1,293)		(516)
Net assets			14,050		9,278
Capital and reserves					
Called up share capital	**15**		3,950		3,950
Profit and loss account			10,100		5,328
Shareholders' funds			14,050		9,278

The notes on pages 19 to 27 form an integral part of these financial statements.

The financial statements of Garic Limited, registered number 02220727, were approved by the Board of Directors and authorised for issue on 25 April 2022. They were signed on its behalf by:

A J Goody
25 April 2022

GARIC LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital £'000	Profit and loss account £'000	Shareholders' funds £'000
At 1 January 2020	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
Profit and total comprehensive income for the financial Year	-	4,772	4,772
At 31 December 2021	3,950	10,100	14,050

The notes on pages 19 to 27 form an integral part of these financial statements.

GARIC LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	£'000	Year ended 31 December 2021 £'000	£'000	Year ended 31 December 2020 £'000
Cash flows from operating activities					
Operating profit for the financial year	3		5,634		3,449
Adjustments for:					
Depreciation of tangible fixed assets	8	5,083		5,072	
Profit on disposal of fixed assets		(684)		(345)	
Decrease / (increase) in debtors		629		623	
Decrease / (increase) in stock		(325)		418	
(Decrease) / increase in creditors		(1,266)		1,904	
Increase in provisions		777		516	
			4,214		8,188
Net cash inflow from operating activities			9,848		11,637
Cash flows from investing activities					
Proceeds from sale of equipment		1,143		1,125	
Purchases of property, plant and equipment	8	(4,932)		(4,412)	
Net cash used in investing activities			(3,789)		(3,287)
Cash flows from financing activities					
Interest paid		(663)		(837)	
Repayment of intergroup loans		(1,742)		(490)	
(Repayment) / drawdown of ABL inventory facility		(9,164)		(1,000)	
Net cash from in financing activities			(11,569)		(2,327)
Net increase / (decrease) in cash and cash equivalents in the year			(5,510)		6,023
Cash and cash equivalents at the start of the year			4,662		(1,361)
Cash and cash equivalents at the end of the year			(848)		4,662

The notes on pages 19 to 27 form an integral part of these financial statements.

GARIC LIMITED

NOTE TO THE CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

Analysis of net debt	**2020**	**Cash flow**	**Other non-cash changes**	**2021**
	£'000	**£'000**	**£'000**	**£'000**
Net cash:				
Cash at bank and in hand	4,662	(3,964)	-	698
Invoice discounting facility	-	(1,546)	-	(1,546)
	4,662	(5,510)	-	(848)
Debt:				
ABL inventory facility	(18,386)	9,185	(110)	(9,311)
Ultimate parent company loan	(6,241)	1,742	(137)	(4,636)
	(24,627)	10,927	(247)	(13,947)
Net debt	(19,965)	5,417	(247)	(14,795)

GARIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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 Principal Accounting policies

1.1 Accounting convention

The financial statements of Garic Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS102') and the Companies Act 2006.

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 Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.3 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 at least 12 months from the date of signing these financial statements. Further information on this review is set out in the Strategic Report.

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. For this reason they continue to adopt the going concern basis in preparing the financial statements.

1.4 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.

1.5 Tangible fixed assets and depreciation

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs. 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

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. Assets in the course of construction are stated at cost. These assets are not depreciated until they are available for use.

Tangible fixed assets are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised.

1 Accounting policies (continued)

1.6 Leasing

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

1.7 Stock and work in progress

Raw materials, work in progress and finished goods are valued at the lower of cost and net realisable value. Cost of raw materials is determined on a first-in, first-out basis or using a weighted average cost formula, depending on the basis most suited to the type of inventory held. Cost of work in progress and finished goods comprises direct materials and, where applicable, direct labour costs and those direct and indirect overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value is based on estimated selling price less further costs to completion and disposal.

1.8 Debtors and provision for bad and doubtful debts

Debtors are initially stated at their transaction value. A provision for bad and doubtful debts is made against all debtors to the extent that they are estimated as being at high risk of non-recovery. Trade debtor balances are written off when recoverability is assessed as being remote.

1.9 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and amounts drawn on the company's invoice discount facility.

1.10 Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

1.11 Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period.

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is recognised in respect of all timing differences which have originated but not reversed at the balance sheet date.

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.

1.12 Interest and discounting costs

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

1.13 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)

1.14 Finance costs and bank borrowings

All borrowing costs are recognised in profit or loss in the period in which they are incurred. Interest bearing loans are recorded at the proceeds received net of direct issue costs.

1.15 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.

1.16 Government grants

Grants in respect of costs incurred by the entity are recognised when the grant becomes receivable. No government grants were received during the year (2020: £325,000 received under the Coronavirus Job Retention Scheme and classified as other income in the profit and loss account).

1.17 Employee Benefits

The company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

The company operates a defined contribution scheme for the benefit of its employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the group in independently administered funds.

The company operates a number of annual bonus plans for employees. An expense is recognised in the profit and loss account when the company has a legal or constructive obligation to make payments under the plans as a result of past events and a reliable estimate of the obligation can be made.

The company operates cash-settled long term incentive plans for directors. The plans are based on the business's performance over a three-year period against various targets. An accrual is made based on the best estimate of future payments due to directors based on expected future performance of the company.

1.18 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

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

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.

	2021	2020
	£'000	£'000
Hire and associated income	34,457	31,293
New Equipment Sales	1,929	2,251
Ex-Hire Equipment Sales	898	1,095
	37,284	34,639

3 Profit for the financial year

	2021	2020
	£'000	£'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	5,083	5,072
Profit on disposal of tangible assets	(684)	(345)
Operating lease rentals - land & buildings	767	724
Operating lease rentals - plant & machinery	1,873	1,731
Auditor's remuneration for the audit of the company's financial statements	45	40

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

4 Interest payable and similar charges

	2021	2020
	£'000	£'000
Inventory facility	658	775
Invoice discount interest	53	69
Interest payable to group companies	137	171
Other interest	110	140

	958	1,155

5 Tax on profit

	2021	2020
	£'000	£'000
UK corporation tax		
UK corporation tax	-	(29)
Adjustment in respect of prior periods	4	-
Current tax charge / (credit)	4	(29)
Deferred tax		
Deferred tax charge / (credit) current year	-	(659)
Deferred tax rate change	-	-
Adjustment in respect of prior periods	-	-
Total deferred tax charge / (credit) (see note 13)	-	(659)
Total tax charge / (credit) on profit	4	(688)

5. Tax on profit (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:

	2021 £'000	2020 £'000
Profit before taxation	4,776	2,297
Profit before taxation multiplied by the standard rate of UK corporation tax of 19% (2020: 19%)	907	436
Effects of:		
Non-deductible expenses	23	15
Movement in deferred tax not recognised	(451)	255
Adjustments in respect of prior years	4	(24)
Deferred tax rate change	(246)	(55)
Group relief not paid for	(233)	(1,315)
Total tax charge / (credit)	4	(688)

In the 2021 Spring budget, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (currently 19%). This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

6 Directors' emoluments

	2021 £'000	2020 £'000
Emoluments (including amounts accrued under long term incentive plans)	1,040	1,274
Company contributions to money purchase pension scheme	52	55
	1,092	1,329
The amounts payable in respect of the highest paid director were:		
Emoluments (including amounts accrued under long term incentive plans)	291	359

Company contributions to money purchase pension scheme	13	12
	304	371

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to four (2020: four).

7 Employees

Number of employees

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

	2021 Number	2020 Number
Sales, operations, transport & administration	271	269
	£'000	**£'000**
Employment costs		
Wages and salaries	10,135	9,085
Social security costs	1,003	1,009
Other pension costs	370	374
	11,508	10,468

8 Tangible fixed assets

	Hire equipment	Plant & machinery	Fixtures, fittings & equipment	Motor vehicles	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 January 2021	45,250	1,631	1,296	2,661	244	51,082
Additions	3,842	108	432	173	462	5,017
Transfers	(335)	250	219	42	(176)	-
Disposals	(2,623)	(510)	(319)	(829)	-	(4,281)
At 31 December 2021	46,134	1,479	1,628	2,047	530	51,818
Depreciation						
At 1 January 2021	20,221	1,276	732	1,734	-	23,963
Charge for the year	4,406	239	203	235	-	5,083
Transfers	(357)	158	157	42	-	-
On disposals	(2,340)	(490)	(305)	(719)	-	(3,854)
At 31 December 2021	21,930	1,183	787	1,292	-	25,192
Net book value						
At 31 December 2021	24,204	296	841	755	530	26,626
At 31 December 2020	25,029	355	564	927	244	27,119

No assets were held under finance leases or hire purchase contracts. Assets under construction comprise hire equipment in the process of manufacture by the company.

Fixed asset additions of £5,017,000 are £85,000 higher than the value of purchases of property, plant and equipment in the cash flow statement due to the movement in capital creditors during the year.

9 Stocks and work in progress

	2021	2020
	£'000	£'000
Raw materials	811	795
Work in progress	64	123
Finished goods	650	282

	1,525	1,200

There is no material difference between the carrying value of stock and work in progress and their replacement cost

10 Debtors

	2021	2020
	£'000	£'000
Trade debtors	6,378	6,778
Prepayments and accrued income	444	602
Other debtors	56	127
Deferred tax	1,137	1,137
	8,015	8,644

£459,000 of the deferred tax debtor is due in more than one year (2020: £581,000).

11 Creditors: amounts falling due within one year

	2021	2020
	£'000	£'000
Invoice discounting facility	1,546	-
Trade creditors	1,588	1,828
Other taxes and social security costs	1,075	2,123
Accruals and deferred income	3,365	3,253
	7,574	7,204

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 (2020: £47,000).

12 Creditors: amounts falling due after more than one year

	2021	2020
	£'000	£'000
Amounts owed to group undertakings	4,636	6,241
Net obligations under ABL inventory facility	9,311	18,386
	13,947	24,627

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 2021 of £ 9,311,000 (2019: £18,386,000) comprised the amount drawn down of £9,500,000 (2019: £18,500,000) less unamortised arrangement fees of £189,000 (2020: £114,000). The arrangement fees are being amortised through interest costs over the life of the facility.

Amounts owed to group undertakings are repayable in over one year and includes interest of £137,000 (2020: £171,000) charged in the year at 2.55% over BoE base rate (2020: 2.55% over BoE base rate).

13 Deferred tax asset

	£'000
Balance at 1 January and 31 December 2021	1,137

13 Deferred tax asset (continued)

The deferred tax asset is made up as follows:

	2021	2020
	£'000	£'000
Depreciation in excess of capital allowances	924	942
Other short-term timing differences in respect of provisions	213	195
	1,137	1,137

14 Provisions for liabilities

	Property	Long Term Incentive Plan	Other	Total
	£'000	£'000	£'000	£'000
Balance as at 1 January 2021	210	176	130	516
Charged in the year	308	324	165	797
Utilised in the year	-	-	(20)	(20)
Balance as at 31 December 2021	518	500	275	1,293

Property provisions primarily relate to probable dilapidations obligations payable on expiry of the company's property leases, all of which expire in over one year. The long-term incentive plan provision is the best estimate of future payments due to directors based on the future performance of the company; none of the payments are due within one year. Other provisions relate to asset obligations expected to be paid within one year.

15 Share capital & reserves

	2021	2020
	£'000	£'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:

	2021	2020
	£'000	£'000
Land & buildings		
Less than one year	749	723
One to five years	1,339	1,850
After five years	-	-
	2,088	2,573
Plant & machinery		
Less than one year	1,843	1,282
One to five years	3,519	2,837
After five years	-	-
	5,362	4,119

17 Capital commitments

Expenditure contracted for but not provided in the financial statements:

	2021	2020
	£'000	£'000
Capital commitments (tangible assets)	3,975	3,497

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.

20 Post Balance Sheet Events

There are no post balance sheet events (2020: None).