

Registered number: 03987596

ARDENT HIRE SOLUTIONS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the Year Ended 31 March 2019



ARDENT HIRE SOLUTIONS LIMITED

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ARDENT HIRE SOLUTIONS LIMITED

Company Information

Directors	J Fish J O'Neill G Fitzgerald
Registered number	03987596
Registered office	Ardent House 32 Crown Road Enfield Middlesex England EN1 1TH
Independent auditor	Deloitte LLP Statutory Auditor Crawley RH10 9AD United Kingdom
Bank	HSBC Bank PLC 26 Broad Street Reading Berkshire RG1 2BU

ARDENT HIRE SOLUTIONS LIMITED

Strategic Report For the Year Ended 31 March 2019

The Directors present their Strategic Report for the year ended 31 March 2019.

Principal activities

Ardent Hire Solutions Limited ("the Company") is a leading provider of rental plant and machinery equipment in the UK construction and housing sectors. It includes the trade and assets of the businesses formerly known as One Call Hire and Fork Rent Ltd.

Business review

The Company made a profit after taxation of £4,466,000 (2018: £4,760,000) for the year ended 31 March 2019 and has net assets at this date of £70,690,000 (2018: £66,224,000).

Following the opening of the new depots in the previous year, the year ended 31 March 2019 saw solid sales growth across the depot network and the amalgamation of two depots that were in close proximity in south-west England.

The considerable focus on allocating sufficient resources to ensure a sector leading service level to customers continues to be achieved through investment in people, systems, processes, facilities and equipment.

The new asset based lending facility provides flexibility and will underpin the planned fleet growth over the next three years.

Financial key performance indicators

The key performance indicators within the business relate to:

Fleet size

At the year end the combined fleet was 8,315 (2018: 7,466) comprising 5,024 machines (2018: 4,685) and machine attachments 3,291 (2018: 2,781).

Utilisation

The proportion of the fleet that is rented at any point in time compared to the total fleet available is referred to as the utilisation rate. The company maintains an industry-leading utilisation rate above 75% (2018: 75%) through careful planning of fleet size and delivering excellent customer service to maximise the number of machines on hire.

Residual values

The Company monitors the holding cost of its assets and as part of that measurement it records the proceeds of disposals as a percentage of gross cost of the asset. These measures are recorded by asset category and age of disposal. There has been no material movement on residual values during the period compared to the historical values.

Principal risks and uncertainties

Economic

The demand for the Company's services is related to the investment activity in the housing and civil construction sectors of the UK economy. The UK referendum decision to leave the European Union and outcome of exit negotiations may have an adverse impact on these sectors in the longer term.

Should there be a significant economic downturn, the Company is able to mitigate the effect on cash and net debt by selling assets through both domestic and international channels or reducing the level of new asset purchases. These activities allow the Company to maintain industry-leading levels of utilisation.

The Company does not have any cash flows in foreign currencies but some of its international sales will be impacted by the prevailing foreign exchange rates at the date of disposal as these dictate the price to international purchasers in the local currency. Based on our current assessment of the impact of Brexit on the Company, in the event of the UK not securing a deal with the European Union we anticipate that there will not be a material impact on the Company.

**Strategic Report (continued)
For the Year Ended 31 March 2019**

Principal risks and uncertainties (continued)

Asset holding costs

The overall holding cost of assets is defined as the difference between the purchase price of the asset and its disposal value plus maintenance costs incurred during the period of ownership. The business objective is to minimise holding costs whilst at the same time maintaining a high utilisation rate of the fleet of assets in order to maximise Return on Capital Employed (ROCE). The age of the fleet needs to be managed to an optimal level in order to meet the needs of our customers and minimise running costs. Utilisation objectives have to be balanced against the need to have sufficient fleet available to satisfy our customers' requirements.

The cost price of assets is negotiated with manufacturers through the dealer network on a regular basis in advance of purchases being made. Variable supply terms allow the Company flexibility to make purchases as required throughout the year. The Company is one of the largest purchasers of certain asset categories in the UK market.

The fact that the disposal of used assets is through both domestic and international markets assists the Company in optimising the proceeds of disposals. If both domestic and international markets experience a short term decline in disposal values, the Company has the option to age the existing fleet until such time as the market improves.

Access to and cost of capital

The Company requires capital to replace assets at the end of their rental life and for any growth in the fleet. The Company has, therefore, put in place adequate funding facilities to meet both its replacement and growth capital expenditure programs over the medium term.

The Company entered into a new asset based lending facility in the year which matures in January 2022 and the Board believes that these facilities provide adequate resources for present requirements. Covenants associated with the funding facilities along with cash flow forecasts are reviewed on a monthly basis to ensure ongoing compliance.

Competition

The supply of rented equipment to the housing and civil construction markets in which the Company operates is fragmented and competitive. Longer term supply arrangements are possible but usually with higher service costs. The business model contains a very large cost within the asset holding component. In the periods when market demand may fall and before fleet sizes can be adjusted to reflect the adjustment in the market competitors may pursue aggressive pricing strategies. This in turn introduces a risk of the Company being forced to reduce its hire rates to retain current business.

Credit risk

The vast majority of the Company's business is provided on credit terms to its customer base. The credit risk lies with the Company. The participation of businesses in the housing and construction sectors, both of which may be considered as cyclical, may lead to incidents of non-payment by customers for services provided. The Company has a credit control process that authorises credit exposures to individual customers based on the credit information available from professional data providers. Credit reviews are carried out on a monthly basis to monitor customer payments against the defined credit terms with appropriate corrective action being determined against specific risks identified.

IT systems

The Company's business involves a high number of operational and financial processes across a national depot network. The continual availability of the data communications and the reliability of the software applications which the business relies on is fundamental in avoiding disruption to the business. The Company has entered into supply contracts with both infrastructure and application providers with a view to mitigating this risk.

ARDENT HIRE SOLUTIONS LIMITED

Strategic Report (continued) For the Year Ended 31 March 2019

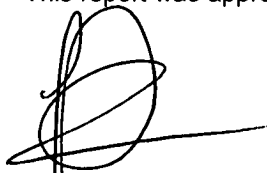
Future developments

The Company will continue to invest significantly in its hire fleet, while also ramping up its focus on technology and process innovation. This innovation will add value to the Company customers, by reducing operating costs, improving productivity and enhancing health safety across the product range.

Post balance sheet events

There are no significant post balance sheet events on which to report.

This report was approved by the Board of Directors on 26 September 2019 and signed on its behalf by:



J O'Neill
Director

ARDENT HIRE SOLUTIONS LIMITED

Directors' Report For the Year Ended 31 March 2019

The Directors present their report and the audited financial statements for the year ended 31 March 2019.

Directors' Responsibilities Statement

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 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make 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.

Results and dividends

The profit for the year, after taxation, amounted to £4,466,000 (2018: profit £4,760,000).

No dividend has been declared or paid in the year (2018: £nil).

Directors

The Directors who served during the year and up to the date of approval of the financial statements (unless otherwise indicated) were:

J Fish
G Fitzgerald
J O'Neill

Employees

Employment policies are designed to support the Company and the delivery of the business strategy. They do so in a manner that takes account of legislation, for example the Disability and Discrimination Act. Internal codes of conduct such as our Code of Business Principles formalise compliance with UK Bribery Act. They ensure that all employees are treated with integrity and that the Company is perceived as an employer of choice.

The Company does not unlawfully discriminate on the grounds of age, colour, disability, gender, religion or any other characteristics of a similar nature. In the case of employment of disabled persons or if an employee becomes disabled in the course of the employment or engagement with the Company, the Company makes all reasonable adjustments to the workplace to enable them to work or to continue to work and ensure any disabled employees receive equal treatment such as career development, training and promotion.

ARDENT HIRE SOLUTIONS LIMITED

Directors' Report For the Year Ended 31 March 2019

Employees (continued)

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings, the Company magazine, Ardent Facebook Group or the Employee Consultation Committee representative (ECG). The ECG are consulted regularly on a wide range of matters affecting their current and future interests.

Financial risk management

The Company holds and uses financial instruments to finance its operations and manage its interest rate and liquidity risks. Details of the Company's arrangements are contained in note 17 of the financial statements.

Going concern

The Company's financial statements show details of its financial position.

Ardent Hire Solutions Limited is a subsidiary within the Wren Topco group ("the Group") and therefore the Directors consider that its financial position and forecast are inherently linked to that of the Group as whole.

The group posted a consolidated operating profit of £2,687,000 for the year to 31 March 2019 (2018: £1,008,000) and has net liabilities of £40,985,000 (2018: £28,396,000) and net current liabilities of £7,996,000 (2018 net current liabilities: £9,847,000). The Directors have considered the financial position of the Company and the Group and the Group's forecast and concluded that it is appropriate to prepare the financial statements on a going concern basis.

The Group has total available Asset Backed Lending ("ABL") facilities of £150m in addition to other sources of funds including shareholder debt. The Directors have considered the Group's board-approved forecasts which show that the Group will be able to operate within its currently available facilities for the 18 month period of the forecast to 30 September 2020.

In reaching their decision to prepare the financial statements on a going concern basis, the Directors have considered the above factors in the context of the current economic climate. The Directors have also considered reasonably possible downside trading scenarios, and have identified mitigating actions that they would be able to implement to ensure that the Group is able to continue to operate within its existing banking facilities and covenant requirements for the forecast period. As a result, the financial statements have been prepared on a going concern basis. On the basis of this conclusion within the Group financial statements, the Directors consider that it is appropriate to prepare the financial statements of Ardent Hire Solutions Limited on a going concern basis.

Future developments are commented on in the Strategic Report.

Qualifying third party indemnity provisions

The Company has granted an indemnity to one or more of its Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' Report.

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

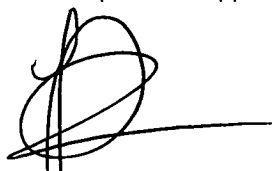
- so far as that Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

ARDENT HIRE SOLUTIONS LIMITED

**Directors' Report
For the Year Ended 31 March 2019**

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

This report was approved by the Board of Directors on 26 September 2019 and signed on its behalf by:



J O'Neill
Director

ARDENT HIRE SOLUTIONS LIMITED

Independent auditor's report to the members of Ardent Hire Solutions Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Ardent Hire Solutions Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework" and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 27.

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

Basis for opinion

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

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

Conclusions relating to going concern

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

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

We have nothing to report in respect of these matters.

Other information

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

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

We have nothing to report in respect of these matters.

ARDENT HIRE SOLUTIONS LIMITED

Independent auditor's report to the members of Ardent Hire Solutions Limited (continued)

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

Use of our report

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



26 September 2019
Hannah Pop FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Crawley, United Kingdom

ARDENT HIRE SOLUTIONS LIMITED

**Statement of Comprehensive Income
For the Year Ended 31 March 2019**

	Note	2019 £'000	2018 £'000
Turnover	4	58,483	54,706
Cost of sales		(20,149)	(19,249)
Gross profit		38,334	35,457
Administrative expenses		(30,025)	(27,452)
Operating profit		8,309	8,005
Finance costs	9	(4,083)	(2,659)
Profit before tax	5	4,226	5,346
Tax credit/(charge) on profit	10	240	(586)
Profit for the year		4,466	4,760

The notes on pages 13 to 30 form part of these financial statements.

The above results are all from continuing operations.

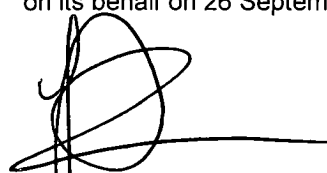
ARDENT HIRE SOLUTIONS LIMITED

Registered number: 03987596

Statement of Financial Position As at 31 March 2019

	Note	2019 £'000	2019 £'000	2018 £'000	2018 £'000
Non-current assets					
Intangible assets	11		3,008		4,094
Tangible assets	12		167,167		145,624
			<u>170,175</u>		<u>149,718</u>
Current assets					
Stocks	13	727		339	
Debtors: amounts falling due within one year	14	39,109		36,337	
Cash at bank and in hand	15	82		318	
		<u>39,918</u>		<u>36,994</u>	
Creditors: amounts falling due within one year	16	(23,334)		(24,320)	
Net current assets			<u>16,584</u>		<u>12,674</u>
Total assets less current liabilities			<u>186,759</u>		<u>162,392</u>
Creditors: amounts falling due after more than one year	17		(109,406)		(89,265)
Provisions for liabilities					
Deferred taxation	20		(6,663)		(6,903)
Net assets			<u>70,690</u>		<u>66,224</u>
Capital and reserves					
Share capital	21		-		-
Other reserves	22		57,257		57,257
Retained earnings	22		13,433		8,967
Total equity			<u>70,690</u>		<u>66,224</u>

The financial statements were approved and authorised for issue by the Board of Directors and were signed on its behalf on 26 September 2019 by


J O'Neill
 Director

The notes on pages 13 to 30 form part of these financial statements.

ARDENT HIRE SOLUTIONS LIMITED

**Statement of Changes in Equity
For the Year Ended 31 March 2019**

	Share capital	Retained earnings	Other reserves	Total equity
	£'000	£'000	£'000	£'000
At 1 April 2017	-	4,207	57,257	61,464
Comprehensive profit for the year				
Profit for the year	-	4,760	-	4,760
Total comprehensive profit for the year	-	4,760	-	4,760
At 31 March 2018	-	8,967	57,257	66,224
Comprehensive profit for the year				
Profit for the year	-	4,466	-	4,466
Total comprehensive profit for the year	-	4,466	-	4,466
At 31 March 2019	-	13,433	57,257	70,690

The notes on pages 13 to 30 form part of these financial statements.

ARDENT HIRE SOLUTIONS LIMITED

Notes to the Financial Statements For the Year Ended 31 March 2019

1. General information

Ardent Hire Solutions Limited is a private limited company incorporated in the United Kingdom under the Companies Act 2006 and is domiciled within the United Kingdom.

The functional and presentational currency of the Company is GBP.

The nature of the Company's operations and its principal activities are the hire of plant and equipment. The Company's registered office and principal place of business is Ardent House, 32 Crown Road, Enfield, Middlesex, England, EN1 1TH. The Company's registered number is 03987596.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with Financial Reporting Standard (FRS) 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The company is a 'qualifying entity' under FRS 101.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see Note 3).

2.2 Financial Reporting Standard (FRS) 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Where relevant, equivalent disclosures are given in the accounts of Wren Topco Limited, refer to note 26.

2.3 Going concern

Ardent Hire Solutions Limited is a subsidiary within the Wren Topco group ("the Group") and therefore the Directors consider that its financial position and forecast are inherently linked to that of the Group as whole.

The group posted a consolidated operating profit of £2,687,000 for the year to 31 March 2019 (2018: £1,008,000) and has net liabilities of £40,985,000 (2018: £28,396,000) and net current liabilities of £7,996,000 (2017 net current liabilities: £9,847,000). The Directors have considered the financial position of the Company and the Group and the Group's forecast and concluded that it is appropriate to prepare the financial statements on a going concern basis.

ARDENT HIRE SOLUTIONS LIMITED

Notes to the Financial Statements For the Year Ended 31 March 2019

2. Accounting policies (continued)

2.3 Going concern (continued)

The Group has total available Asset Backed Lending ("ABL") facilities of £150m in addition to other sources of funds including shareholder debt. The Directors have considered the Group's board-approved forecasts which show that the Group will be able to operate within its currently available facilities for the 18 month period of the forecast to September 2020.

In reaching their decision to prepare the financial statements on a going concern basis, the Directors have considered the above factors in the context of the current economic climate. The Directors have also considered reasonably possible downside trading scenarios, and have identified mitigating actions that they would be able to implement to ensure that the Group is able to continue to operate within its existing banking facilities and covenant requirements for the forecast period. As a result, the financial statements have been prepared on a going concern basis. On the basis of this conclusion within the Group financial statements, the Directors consider that it is appropriate to prepare the financial statements of Ardent Hire Solutions Limited on a going concern basis.

Changes in accounting policy and disclosures

New standards, amendments and interpretations has been adopted

IFRS 15 'Revenue from Contracts with Customers' has been adopted in this financial year 2019. The standard replaces IAS18 Revenue and introduce a new revenue recognition model that recognises revenue either at a point in time or over time. The standard provides a single, principles based 5 step model which determines whether, how much and when revenue is recognised. The cumulative impact on adoptions of the standard has not been material and therefore comparatives have not been adjusted.

IFRS 9 'Financial Instruments' has been adopted in this financial year 2019. The revised standards replaces IAS 39 Financial Instrument: Recognitions and Measurement. IFRS 9 is dealing separately with the classification and measurement of financial assets, impairment and hedging. The cumulative impact on adoptions of the standard has not been material and therefore comparatives have not been adjusted.

New standards, amendments and interpretations has not been adopted

IFRS 16 is effective for annual reporting periods beginning on or after 1 January 2019, and will therefore be applicable to the Company for the year ending 31 March 2020. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accounting requirements for lessors are substantially unchanged from IAS 17.

The impact on the Financial Statements on transition to IFRS 16, where the Company is the lessee, will depend on the approach taken by the Company. The new standard allows for two different transition approaches, fully retrospective and modified retrospective. Both approaches will impact the income statement, balance sheet and disclosure when adopted, including the opening balance sheet at 1 April 2018, although the amounts will differ dependent on the approach taken.

The Company will applied the Modified retrospective transition approach, and therefore will not restate comparative amounts as at 1 April 2018 and for the year ended 31 March 2019. The Company expects to recognise c.£8.9m additional lease liabilities and c.£8.9m of right-of-use assets upon transition at 1 April 2019 relating to operating leases. Under IFRS 16, the Company will experience a different pattern of expense within the income statement, with the IAS 17 operating lease expense replaced by depreciation and interest expense.

Other standards and interpretations or amendments thereto which have been issued, but are not yet effective, are not expected to have a material impact on the Company's financial statements.

ARDENT HIRE SOLUTIONS LIMITED

Notes to the Financial Statements For the Year Ended 31 March 2019

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that the Group obtains the right to consideration in exchange for satisfying its performance obligations under contracts with its customers. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised:

Rental income

Revenue recognised from the rental of goods usually commences on delivery of the rented asset to the customer and ceases on notification by the customer that the asset is available for collection.

2.5 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives and is included as a charge within Administrative expenses in the Statement of Comprehensive Income. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

The estimated useful lives range as follows:

Software	-	3	years
Customer relationship	-	5	years

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the Statement of Comprehensive Income during the year in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

ARDENT HIRE SOLUTIONS LIMITED

Notes to the Financial Statements For the Year Ended 31 March 2019

2. Accounting policies (continued)

2.6 Tangible fixed assets (continued)

Depreciation is provided on a straight line basis over the following periods:

Long-term leasehold property	- Over the life of the lease
Plant and machinery	- 10 years
Motor vehicles	- 4 years
Fixtures and fittings	- 3 years
Computer equipment	- 3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'operating profit' in the Statement of Comprehensive Income (see note 5).

2.7 Leases

Leases in which the Company does not have a significant portion of the risks and rewards of ownership are operating leases (net of any incentives received from the lessor) and are charged to the income statement on a straight-line basis over the period of the lease.

The Company leases certain property, plant and equipment. Leases of property, plant and equipment where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

2.8 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Stock is valued at weighted average cost.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

2.9 Debtors

Short term debtors are measured at transaction price, less any impairment for expected credit losses.

2.10 Cash at bank

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Notes to the Financial Statements
For the Year Ended 31 March 2019

2. Accounting policies (continued)

2.11 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

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

Financial assets

The Group's financial assets comprise trade and other receivables and cash and cash equivalents in the Consolidated Statement of Financial Position. These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Trade receivables are shown inclusive of unbilled amounts to customers and of payments made in advance by customers, reflecting the underlying nature of customer account balances.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost, trade debtors and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade debtors and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Financial liabilities

The Company classifies all of its financial liabilities as liabilities at amortised cost.

At amortised cost

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Statement of Financial Position.

**Notes to the Financial Statements
For the Year Ended 31 March 2019**

2. Accounting policies (continued)

2.12 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.13 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.14 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payments obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

Notes to the Financial Statements
For the Year Ended 31 March 2019

2. Accounting policies (continued)

2.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.16 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

ARDENT HIRE SOLUTIONS LIMITED

Notes to the Financial Statements For the Year Ended 31 March 2019

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the Company's financial statements in conforming with FRS 101 required management to make judgments, estimates and assumptions that effect the application of policies and reported amounts in the financial statements. These judgments and estimates are based on management's best knowledge of the relevant facts and circumstances. Information about such judgments and estimation is contained in the accounting policies and / or notes to the financial statements and the key areas are summarised below. In the opinion of the directors there are no key sources of estimation uncertainty.

Critical accounting judgements

Depreciation of property, plant and equipment

Depreciation rates are based on the estimated useful lives and residual value of the assets involved (see note 2). These depreciation rates have been determined with the anticipation that the net book values at the point the vehicles are transferred into inventories is in line with the open market values for those vehicles. Under IAS 16 'Property, Plant and Equipment', the Company is required to review its depreciation rates and estimated useful lives regularly to ensure that the net book value of disposals of tangible fixed assets are broadly equivalent to their market value.

4. Analysis of turnover

The whole of the turnover is attributable to the principal activity of the Company.

All turnover arose within the United Kingdom.

5. Profit before tax

Profit before tax is stated after charging:

	2019 £'000	2018 £'000
Depreciation of tangible fixed assets	21,769	19,135
Amortisation of intangible assets	1,249	1,234
Gain on disposal of property, plant and equipment	4,570	5,196
Operating lease charges	2,682	932

ARDENT HIRE SOLUTIONS LIMITED

Notes to the Financial Statements For the Year Ended 31 March 2019

6. Auditor's remuneration

The company paid the following amounts to its auditor in respect of the audit of the financial statements and for other services provided to the Company:

	2019 £'000	2018 £'000
Fees for the audit of the Company	80	86
Tax advisory	4	13
Tax compliance services	10	4
	<hr/>	<hr/>
	94	103
	<hr/>	<hr/>

7. Employees

Staff costs, including Directors' remuneration, were as follows:

	2019 £'000	2018 £'000
Wages and salaries	9,534	9,640
Social security costs	1,047	1,011
Contributions to defined contribution pension scheme	123	63
	<hr/>	<hr/>
	10,704	10,714
	<hr/>	<hr/>

The average monthly number of employees, including the Directors, during the year was as follows:

	2019 No	2018 No
Sales and administration (including Directors)	129	147
Fitters, drivers and yard staff	145	131
	<hr/>	<hr/>
	274	278
	<hr/>	<hr/>

ARDENT HIRE SOLUTIONS LIMITED

Notes to the Financial Statements For the Year Ended 31 March 2019

8. Directors' remuneration

The remuneration arrangements of the Directors of the Company are disclosed in Note 23 of the financial statements of Wren Topco Limited. Directors of all group companies have been directly remunerated through Wren Topco Ltd and Wren Buyerco Ltd, not by Ardent Hire Solutions Ltd.

9. Finance costs

	2019 £000	2018 £000
Interest on bank overdrafts and loans	4,081	2,651
Interest on obligations under finance leases and hire purchase contracts	2	8
	<u>4,083</u>	<u>2,659</u>

10. Tax

	2019 £'000	2018 £'000
Corporation tax		
Current tax on profits for the year	-	-
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	(673)	(90)
Adjustments in respect of prior year	433	676
Total deferred tax	<u>(240)</u>	<u>586</u>
Tax (credit)/charge on profit/(loss) on ordinary activities	<u>(240)</u>	<u>586</u>

ARDENT HIRE SOLUTIONS LIMITED

Notes to the Financial Statements For the Year Ended 31 March 2019

10. Tax (continued)

Factors affecting tax charge for the year

	2019 £'000	2018 £'000
Profit on ordinary activities before tax	<u>4,226</u>	<u>5,346</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	803	1,016
Effects of:		
Adjustments in respect of prior years	433	676
Expenses not deductible for tax purposes	203	129
Effects of group relief	<u>(1,679)</u>	<u>(1,235)</u>
Total tax (credit)/charge for the year	<u>(240)</u>	<u>586</u>

Factors that may affect future tax charges

The July 2015 Budget Statement announced changes to the UK Corporation Tax regime which reduced the main rate of Corporation Tax to 19% from 1 April 2017 and 18% from 1 April 2020. The March 2016 Budget Statement announced a further change to the UK Corporation tax rate which will now reduce the main rate of corporation tax rate 17% from 1 April 2020.

As the changes have been substantively enacted at the Statement of Financial Position date their effects are included in these financial statements.

Accordingly, deferred taxation has been provided for at 17%.

ARDENT HIRE SOLUTIONS LIMITED

**Notes to the Financial Statements
For the Year Ended 31 March 2018**

11. Intangible assets

	Customer relationships	Software	Total
	£'000	£'000	£'000
Cost			
At 1 April 2018	5,651	326	5,977
Additions	-	163	163
At 31 March 2019	5,651	489	6,140
Amortisation			
At 1 April 2018	1,687	196	1,883
Charge for the year	1,130	119	1,249
At 31 March 2019	2,817	315	3,132
Net book value			
At 31 March 2019	2,834	174	3,008
At 31 March 2018	3,964	130	4,094

ARDENT HIRE SOLUTIONS LIMITED
Notes to the Financial Statements
For the Year Ended 31 March 2019

12. Tangible fixed assets

	Long-term Leasehold Property £'000	Plant and Machinery £'000	Motor Vehicles £'000	Fixtures and Fittings £'000	Computer Equipment £'000	Total £'000
Cost						
At 1 April 2018	1,324	182,519	1,549	714	220	186,326
Additions	256	78,081	121	123	52	78,633
Disposals	-	(55,321)	(678)	-	-	(55,999)
At 31 March 2019	1,580	205,279	992	837	272	208,960
Accumulated depreciation						
At 1 April 2018	139	39,238	598	616	111	40,702
Charge for the year	155	21,240	202	43	129	21,769
Disposals	-	(20,334)	(344)	-	-	(20,678)
At 31 March 2019	294	40,144	456	659	240	41,793
Net book value						
At 31 March 2019	1,286	165,135	536	178	32	167,167
At 31 March 2018	1,185	143,281	951	98	109	145,624

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2019 £'000	2018 £'000
Motor vehicles	-	43

13. Stocks

	2019 £'000	2018 £'000
Raw materials and consumables	727	339

ARDENT HIRE SOLUTIONS LIMITED

**Notes to the Financial Statements For
the Year Ended 31 March 2019**

14. Debtors: Amounts falling due within one year

	2019	2018
	£'000	£'000
Trade debtors	11,971	11,939
Other debtors	321	228
Prepayments and accrued income	1,923	1,706
Tax recoverable	569	569
Amounts due from group undertakings	24,325	21,895
	39,109	36,337

15. Cash and cash equivalents

	2019	2018
	£'000	£'000
Cash at bank and in hand	82	318

16. Creditors: Amounts falling due within one year

	2019	2018
	£'000	£'000
Trade creditors	18,725	17,575
Taxation and social security	1,101	323
Obligations under finance lease and hire purchase contracts	-	240
Other creditors	35	-
Accruals and deferred income	3,473	6,182
	23,334	24,320

ARDENT HIRE SOLUTIONS LIMITED

Notes to the Financial Statements For the Year Ended 31 March 2019

17. Creditors: Amounts falling due after more than one year

	2019 £'000	2018 £'000
Bank loans	<u>109,406</u>	<u>89,265</u>

Secured loans

The Company repaid the previous asset based lending facility on 16 January 2018 and entered into a new facility on the same date. The facility is secured against the plant and machinery and trade debtor balances of the Company with a cross company guarantee with Wren Buyerco Limited, and a 4 year term repayable on 16 January 2022. The facility was initially £120,000,000 with an accordion option that was taken up on 30 April 2018 to increase the facility to £150,000,000. As at 31 March 2019 the outstanding balance was £110,668,000. A margin of 2.5% is applied above LIBOR.

Transaction costs were incurred of £1,859,000 as part of securing the new facility and these have been capitalised and are being amortised over the life of the facility. As at the 31 March 2019 the unamortised balance was £1,262,000 which is included as a net amount against the loan balance.

18. Loans

Analysis of the maturity of loans is given below:

	2019 £'000	2018 £'000
Between 2-5 years	<u>109,406</u>	<u>89,265</u>

19. Hire purchase & finance leases

Future minimum lease payments for:

	2019 £'000	2018 £'000
Within one year	<u>-</u>	<u>240</u>
	<u>-</u>	<u>240</u>

Finance lease and hire purchase liability obligations are secured against the delivery vehicle assets to which they relate.

ARDENT HIRE SOLUTIONS LIMITED

**Notes to the Financial Statements
For the Year Ended 31 March 2019**

20. Deferred taxation

	Deferred tax £'000
Liability at 1 April 2018	6,903
Adjustment in respect of prior years	433
Deferred tax charge to statement of comprehensive income	<u>(673)</u>
Liability at 31 March 2019	<u>6,663</u>

The deferred taxation balance is made up as follows:

	2019 £'000	2018 £'000
Accelerated capital allowances	<u>6,663</u>	<u>6,903</u>

21. Called up share capital

	Allotted, called up and fully paid 2019 £	Allotted, called up and fully paid 2018 £
Allotted, called up and fully paid		
450 Ordinary shares of £1 each	<u>450</u>	<u>450</u>

ARDENT HIRE SOLUTIONS LIMITED

Notes to the Financial Statements For the Year Ended 31 March 2019

22. Reserves

The profit and loss account represents the accumulated profits, losses and distributions of the Company. No dividend was paid during the year (2018: Nil)

The other reserves represent a capital contribution in 2017 as a result of a group restructuring following the acquisitions in 2016.

23. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £122,538 (2018: £62,734). Contributions totaling £24,703 (2018: £10,277) were payable to the fund at the reporting date.

24. Commitments

At 31 March 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £'000	2018 £'000
Land and buildings		
Not later than 1 year	1,058	1,001
Later than 1 year and not later than 5 years	4,011	3,584
Later than 5 years	1,822	2,046
	<u>6,891</u>	<u>6,631</u>
Other		
Not later than 1 year	1,495	1,436
Later than 1 year and not later than 5 years	2,274	2,164
Later than 5 years	-	-
	<u>3,769</u>	<u>3,600</u>
	<u>10,660</u>	<u>10,231</u>

The company had capital commitments at the 31 March 2019 of £ 11,879,817 (2018: £33,226,479) for the purchase of plant and machinery assets.

ARDENT HIRE SOLUTIONS LIMITED

Notes to the Financial Statements For the Year Ended 31 March 2019

25. Related party transactions

Wren Buyerco Limited is the immediate parent company of the Company. The balance of receivables at the yearend was £24,325,000 (2018: £21,895,000).

There was no management charges during the year (2018: £1,212,000).

26. Controlling party

The immediate parent company of the Company is Wren Buyerco Limited.

The ultimate parent company and the smallest and largest company to prepare consolidated financial statements which includes this Company is Wren Topco Limited. These financial statements can be obtained from 32 Crown Road, Enfield, EN1 1TH, which is also the registered address of Wren Topco Limited.

The ultimate controlling party is SCP WRN Acquisition Lux SARL ("SCP"), a company incorporated in Luxembourg.

27. Post balance sheet events

There have been no significant events affecting the Company since the year end.