Registered number: 03987596

ARDENT HIRE SOLUTIONS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the Year Ended 31 March 2021

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	BDO LLP 55 Baker Street London W1U 7EU United Kingdom
Bank	HSBC Bank PLC 26 Broad Street Reading Berkshire RG1 2BU

Strategic Report
For the Year Ended 31 March 2021

The Directors present their Strategic Report for the year ended 31 March 2021.

Principal activities

Ardent Hire Solutions Limited ("the Company") provides high quality rental machinery and associated support services to a wide variety of UK construction businesses and is an award-winning innovator of construction sector focused digital solutions.

Business review

The Company made a loss after taxation of £1,157,000 (2020 profit of: £1,853,000) for the year ended 31 March 2021 and has net assets at this date of £71,386,000 (2020: £72,543,000).

The 20/21 financial year was dominated by the Covid pandemic which had a significant impact on the trading performance of the business. Our estimate is that the effect of the pandemic on the profitability of the Company during the financial year was approximately £5m.

The restrictions put in place in April 2020 triggered an 80% reduction in the volume of machines on hire. The Company took immediate action and furloughed 80% of its employees, leaving a skeleton staff operating each depot and a basic administration function at head office.

May and June saw a gradual increase in demand and the Company began to bring employees back from furlough to support the growing number of machines on hire. By the end of September, trading volumes had returned to pre-pandemic levels and all employees had returned to full time operation. These trading levels have continued through to the sign-off date of the financial statements, with record utilisation being achieved in the last quarter.

As part of the package of Covid pandemic mitigating measures, the Company began a controlled fleet reduction programme in the first quarter of the financial year. A series of new machine orders were cancelled or deferred and approximately 10% of the fleet was sold over the course of nine months, primarily to retail buyers.

Through the course of the financial year the Company invested more than £22m in new fleet and generated over £27m in sales of used machines, reducing leverage significantly. With trading volumes recovering to pre-pandemic levels, utilisation reached a peak of 90%, a level that has been sustained through to the first quarter of the new financial year.

Operationally, the Company further improved its Net Promoter Score (NPS) score from 55 to 70 through the commitment and dedication of all colleagues in the business. All depots have achieved the challenging and prescriptive TechX operational standard and the key values of the Company – passion, pace and performance – are firmly embedded across the business.

The Company has continued to invest heavily in the development and rollout of its digital platform. The Company's Site Manager and InSite applications are widely used by the Company's customers and both have won numerous awards during the year, including the Hire Association of Europe best sustainability initiative.

The Company's depot network remained unchanged with the most recent two and a half acre site in the Midlands performing significantly above expectations.

Financial key performance indicators

The key performance indicators within the business relate to:

Fleet size
At the year end the machine and attachment fleet were 9,825 (2020: 9,759). The fleet is comprised of telehandlers, excavators, rollers and dumpers with an average age of between two and three years. During the year the Company significantly expanded its fleet of roto-telehandlers.

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. As a result of the Covid pandemic, the Company's utilisation rate fell to less than 70% (2020: 75%). During the last two quarters of the year and the first quarter of the new financial year, the Company has exceeded 85% utilisation rates consistently, reflecting the industry leading processes that underpin its operational capability and the differentiation of the Company's digital offering.

Residual values

As part of managing a young fleet, the Group disposes of a significant number of machines each year (2021: 844; 2020: 860). The Group manages its disposal channels carefully to maximise the residual value of each asset. Accordingly, throughout the financial year the Group has not seen any material movement in underlying residual fleet values.

Principal risks and uncertainties

Economic

The demand for the Group's services is highly correlated to public sector and private sector investment in the UK housing and civil construction sectors. The broad number of customers and sub-sectors that are served either directly or indirectly by the Group's operations provide a reasonable level of mitigation in the event of any downturn in activity.

In the event of a significant economic downturn the Group 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 Group to maintain industry-leading levels of utilisation and as a result manage covenant compliance.

The Company does not have any cash flows in foreign currencies.

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. The Company has not experienced any material impact from Brexit.

Access to capital

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

The Company's existing asset based lending facility matures in January 2022 which has been subsequently extended by a further twelve months to January 2023. 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. Independent asset valuations are carried out at least three times each year to validate the underlying borrowing base. The Company enjoys a positive relationship with its banking syndicate members.

Competition

The supply of rented equipment to the housing and civil construction markets in which the Group 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. The Company mitigates this risk through the differentiation of its offering to customers on a fleet age, quality of service and technology basis which typically allows it to maintain its price point while offering additional value.

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 exposure 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.

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 heath safety across the product range.

Post balance sheet events

Due to the pandemic at the beginning of the financial year The Group utilised the HMRC VAT Covid deferral scheme for both March 2020 and April 2020 VAT submissions. Payments for these were both cleared by 1st April 2021.

The Group has agreed a one-year extension for the ABL Loan, this was agreed with the syndicate of banks in June 2021, extending the agreement to January 2023.

Section 172 statement

This section serves as our section 172 statement and should be read in conjunction with the Strategic report on pages 5 and 6. Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders in their decision making. The Directors continue to have regard to the interests of the Company's colleagues and other stakeholders, including the impact of its activities on the community, the environment and the Company's reputation, when making decisions. Acting in good faith and fairly between colleagues, the Directors consider what is most likely to promote the success of the Company for its colleagues in the long term. The Directors are fully aware of their responsibilities to promote the success of the Company in accordance with section 172 of the Companies Act 2006. As a large UK business we engage with a wide range of stakeholders. We endeavor to listen to and understand the needs and views of these stakeholder groups in addition to striving to deliver value to them.

Key decisions, stakeholder engagement and delivering value

Outside of the normal trading activity that is carried out by the Company, the key strategic decisions revolve around the acquisition and disposal of fleet which has a direct impact on the outflow and inflow of capital. These decisions are taken by the Directors on a monthly basis, supported by an ongoing dialogue with key sales colleagues and interaction with Original Equipment Manufacturers (OEMs). The Directors make decisions based principally on delivering economic value to the Company, along with customer acceptance, technology capability and environmental credentials.
With the relatively young, fuel efficient fleet, the Company continued to promote its Carbon Offset programme (in association with ClimateCare) and also began offering alternative fuel supplies for its customers. The Directors consider these innovative approaches to be a major step toward tackling the impact of plant and machinery usage on communities and the environment.

The relationships with each of the principal groups of stakeholders is set out below:

Relations with Investors

The board maintains regular dialogue with both investor groups through weekly calls and monthly board meetings. The focus of the relationship is to develop the strategic priorities of the business and to drive performance with the ultimate goal of increasing shareholder value. Strategy is set and reviewed through Objective and Key Results (OKRs) which are discussed by the Directors at each monthly board meeting. Longer term strategic decisions are managed by the Directors through the review of a five year business plan that sets out the key priorities for the business and the proposed allocation of capital to fleet growth.
Relationships with the banking syndicate are maintained by the Chief Financial Officer through quarterly business reviews, with key priorities being the management of liquidity and assessing the Company's position with regard to covenant testing.

Relations with Customers

The senior management team along with the business development managers and national account managers maintain regular contact with all customers. The focus for these relationships is to better understand the demands of our varied customer base and to ensure that the Company is able to deliver on the high standards of operation that it expects from its operational teams. These high standards are underpinned by a comprehensive set of Company policies and procedures that are implemented and monitored across the business by the line managers. The quality of dialogue with our customers and the adherence to our stringent quality standards are measured through our Qualtrics Net Promoter Score system, where our results are industry leading.

Relations with Colleagues

Our number one priority is the health and safety of our colleagues. The Company manages this through a process of local briefings and toolbox talks along with a robust internal audit procedures that is are carried out at each location at least once per year. The information relating to the health and safety of colleagues is reviewed at every board meeting through a suite of management reports.
The Board strives to maintain an open dialogue with all colleagues in order to foster a culture of engagement. The communication channels used to drive this level of engagement include monthly live company briefings, weekly soundbites, depot business reviews and a company Facebook forum. Employee engagement is reviewed at least once a year through anonymous online surveys and the information is shared and discussed at Board level.
During the pandemic staff were furloughed in line with the government guidelines. There was a committee created consisting of a group of employee nominated staff members, to openly discuss and address any concerns on behalf of all group employees on a monthly basis.
Senior Management provided regular communication with furloughed employees, by issuing daily updates on social media platforms, these were also sent direct to personal email addresses. Senior Management also provided their personal contact details to furloughed employees should they need to get into contact.

Relations with Suppliers

The Company has a well defined supply chain in place, with a majority of capital expenditure fulfilled by a small number of OEMs. The key focus area for the Company with regard to the supply chain is to generate value from ensuring a low cost of ownership. This is achieved through ongoing dialogue with the OEMs or representative dealers, with a majority of the relationships being managed by the Chief Financial Officer, with oversight on capital decisions via the Board.

ARDENT HIRE SOLUTIONS LIMITED

Strategic Report (continued)
For the Year Ended 31 March 2021

Greenhouse Gas Emissions (GHG)

The company reports on all emissions for the period 1 April 2020 to 31 March 2021, required under the Large and medium size Companies and Groups Regulations 2018.

In calculating Greenhouse Gas (GHG) emissions, DEFRA conversion factors have been used.

	2021		
	Consumption		Emissions (TCO2e)
Scope 1 Emissions			
Delivery Vehicles	1,517,766	Litres	3,864
Company Cars	11,407	Litres	29
Scope 2 Emissions			
Utility Costs: Purchased Electricity and Gas	1,099,018	KWH	253
Scope 3 Emissions			
Hire Plant Fleet	92,141,884	KWH	30,550

	2020		
	Consumption		Emissions (TCO2e)
Scope 1 Emissions			
Delivery Vehicles	1,644,451	Litres	5,281
Company Cars	37,894	Litres	122
Scope 2 Emissions			
Utility Costs: Purchased Electricity and Gas	1,653,446	KWH	454
Scope 3 Emissions			
Hire Plant Fleet	138,717,549	KWH	45,977

This report was approved by the Board of Directors on 30 June 2021 and signed on its behalf by:

J O'Neill
Director

Directors' Report
For the Year Ended 31 March 2021

The Directors present their report and the audited financial statements for the year ended 31 March 2021.

Results and dividends

The loss for the year, after taxation, amounted to £1,157,000 (2020: profit £1,853,000).

No dividend has been declared or paid in the year (2020: £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.

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 group headed by Wren Topco Limited ("the Group") and therefore the Directors consider that its financial position and forecast are inherently linked to that of the Group as whole.

Going concern (continued)

The Group posted a consolidated operating loss of £1,613,045 for the year to 31 March 2021 (2020:£4,719,000) and has net assets of £33,920,051 (2020: net assets of £42,297,000) and net current liabilities of £8,541,613 (2020 net current liabilities: £6,993,000).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. At the year-end £84.6m was drawn against the facility. The existing facility expired in January 2022 however a one-year extension was agreed with the syndicate of banks in June 2021, extending the agreement to January 2023.

Following receipt of the extension to the facility agreement the Directors have considered the Group's board-approved forecasts which show that the Group will be able to operate well within its currently available facilities for the 22 month period of the forecast to January 2023. In reaching their decision to prepare the financial statements on a going concern basis, the Directors have considered a number of alternative scenarios which reflect potential shifts 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. The forecast period under review extends to five years, but the Directors have specific focus on the shorter term (18 – 22 months) as this reflects the period over which the Directors have a reasonable view on the sector and market conditions that the Group will operate within.

Potential mitigations considered in the Directors review of the alternative scenarios include measures to increase sales of fleet to boost cash reserves, the cancellation of capex for any planned fleet growth and the reduction in operating costs through efficiency programs at each location, including the closure of depots where appropriate. The enactment of a number of these mitigating actions during the financial year, demonstrated the capability and ability of the company to generate cash, manage headroom and continue operating successfully in adverse conditions.

As a result of the assessment undertaken by the Directors, the financial statements have been prepared 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.

Directors' Report(continued)
For the Year Ended 31 March 2021

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.

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 30 June 2021 and signed on its behalf by:

J O'Neill
Director

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.

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF ARDENT HIRE SOLUTIONS LIMITED

Opinion on the financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2021 and of its loss 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.

We have audited the financial statements of Ardent Hire Solutions Limited ("the Company") for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the 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 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain 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.

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

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

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

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

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF ARDENT HIRE SOLUTIONS LIMITED (CONTINUED)

Other Companies Act 2006 reporting

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 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, 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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company. We determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting framework (Financial Reporting Standard 101 and the Companies Act 2006).
- We understood how the Company is complying with those legal and regulatory frameworks by making enquiries of management, and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes and other supporting documentation.

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF ARDENT HIRE SOLUTIONS LIMITED (CONTINUED)

- We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
- We tested the appropriateness of journal entries made through the year by applying specific criteria to detect possible irregularities and fraud;
- We performed a detailed review of the Company's year-end adjusting entries and investigated any that appeared unusual as to nature or amount and agreeing to supporting documentation;
- For significant and unusual transactions, particularly those occurring at or near year end, we obtained evidence for the rationale of these transactions and the sources of financial resources supporting the transactions; and
- Assessed whether the assumptions made in accounting estimates were indicative of a potential bias.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

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.

DocuSigned by:
Anne Sayers
8B382C356CA246E...

Anne Sayers (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London, UK

Date: 30 June 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Statement of Comprehensive Income
For the Year Ended 31 March 2021

	Note	**2021 £'000**	2020 £'000
Turnover	4	56,985	62,141
Cost of sales		(40,174)	(41,715)
Gross profit		**16,811**	20,426
Administrative expenses		(11,781)	(12,497)
Operating profit		**5,030**	7,929
Finance costs	9	(4,389)	(5,179)
Profit before tax	5	**641**	2,750
Tax charge on profit	10	(1,798)	(897)
(Loss)/profit for the year		**(1,157)**	1,853

The notes on pages 17 to 39 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 2021

	Note	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Non-current assets					
Intangible assets	11		**1,452**		2,318
Tangible assets	12		**150,646**		177,631
			152,098		179,949
Current assets					
Stocks	13	**689**		912	
Debtors	14	**43,343**		42,244	
Cash at bank and in hand	15	**85**		1,012	
		44,117		44,168	
Creditors: amounts falling due within one year	16	**(23,835)**		(24,568)	
Net current assets			**20,282**		19,600
Total assets less current liabilities			**172,380**		199,549
Creditors: amounts falling due after more than one year	17		**(91,196)**		(119,425)
Provisions for liabilities					
Deferred taxation	20		**(9,798)**		(7,581)
Net assets			**71,386**		72,543
Capital and reserves					
Share capital	21		**-**		-
Other reserves	22		**57,257**		57,257
Retained earnings	22		**14,129**		15,286
Total equity			**71,386**		72,543

The financial statements were approved and authorised for issue by the Board of Directors and were signed on its behalf on 30 June 2021 by

J O'Neill
Director

The notes on pages 17 to 39 form part of these financial statements.

ARDENT HIRE SOLUTIONS LIMITED

Statement of Changes in Equity
For the Year Ended 31 March 2021

	Share capital	Retained earnings	Other reserves	Total equity
	£'000	£'000	£'000	£'000
At 1 April 2019	-	13,433	57,257	70,690
Comprehensive income for the year				
Profit for the year	-	1,853	-	1,853
Total comprehensive income for the year	-	1,853	-	1,853
At 31 March 2020	**-**	**15,286**	**57,257**	**72,543**
Comprehensive income for the year				
Loss for the year	-	(1,157)	-	**(1,157)**
Total comprehensive income for the year	**-**	**(1,157)**	**-**	**(1,157)**
At 31 March 2021	**-**	**14,129**	**57,257**	**71,386**

The notes on pages 17 to 39 form part of these financial statements.

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 of the group headed by Wren Topco Limited ("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 loss of £1,613,045 for the year to 31 March 2021 (2020:£4,719,000) and has net assets of £33,920,051 (2020: net assets of £42,297,000) and net current liabilities of £8,541,613 (2020: net current liabilities £6,993,000).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.

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. At the year-end £84.6m was drawn against the facility. The existing facility expired in January 2022 however a one-year extension was agreed with the syndicate of banks in June 2021, extending the agreement to January 2023.

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Following receipt of the extension to the facility agreement the Directors have considered the Group's board-approved forecasts which show that the Group will be able to operate well within its currently available facilities for the 22 month period of the forecast to January 2023. In reaching their decision to prepare the financial statements on a going concern basis, the Directors have considered a number of alternative scenarios which reflect potential shifts 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. The forecast period under review extends to five years, but the Directors have specific focus on the shorter term (18 – 22 months) as this reflects the period over which the Directors have a reasonable view on the sector and market conditions that the Group will operate within.

Potential mitigations considered in the Directors review of the alternative scenarios include measures to increase sales of fleet to boost cash reserves, the cancellation of capex for any planned fleet growth and the reduction in operating costs through efficiency programs at each location, including the closure of depots where appropriate. The enactment of a number of these mitigating actions during the financial year, demonstrated the capability and ability of the company to generate cash, manage headroom and continue operating successfully in adverse conditions.

As a result of the assessment undertaken by the Directors, the financial statements have been prepared on a going concern basis.

Changes in accounting policy and disclosures

New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations, which have been issued by the IASB that are effective in future accounting periods that the group has decided not to adopt early. The most significant of these are as follows;

- Amendments to IAS 16: Property, Plant and Equipment – Proceeds Before Intended Use, effective for accounting periods beginning on or after 1 January 2022;
- Amendments to IAS 37: Onerous Contracts - Costs of Fulfilling a Contract, effective for accounting periods beginning on or after 1 January 2022;
- Annual Improvements to IFRS Standards 2018-2020, effective for accounting periods beginning on or after 1 January 2022;
- Amendments to IFRS 3: Reference to the Conceptual Framework, effective for accounting periods beginning on or after 1 January 2022;
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current, effective for accounting periods beginning on or after 1 January 2023;

2.3 Going Concern (Continued)

Changes in accounting policy and disclosures (continued)

New standards, interpretations and amendments not yet effective (continued)

- Amendments to IAS 1: Disclosure of Accounting Policies, effective for accounting periods beginning on or after 1 January 2023;
- Amendments to IAS 8: Definition of Accounting Estimates, effective for accounting periods beginning on or after 1 January 2023;
- Amendments to IAS 12: Deferred tax related to Assets and Liabilities arising from a Single Transaction, effective for accounting periods beginning on or after 1 January 2023;
- Amendments to IFRS 16: Covid-19 Related Rent Concessions beyond 30 June 2021, effective for accounting periods beginning on or after 1 April 2021;
- Amendments to IFRS 16: Covid-19 Related Rent Concessions, effective for accounting periods beginning on or after 1 June 2020.

The Group is currently assessing the impact of these new accounting standards and amendments.

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 be met before revenue is recognised:

- Revenue recognised from the hire services 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.
- Revenue for any damage is recognised when damage is identified.
- Revenue recognised for transport services provided at the point at which delivery or collection is completed.
- Revenue recognised for the fuel services provided at the point at which collection is completed.
- The Company recognised revenue on planned asset disposals at a point-in-time when control is transferred to the customer.

Accrued income

Accrued income refers to amounts that has been earned, but the amounts have not yet been billed. The Company mainly provides accrued income against the damages and fuel services which have been incurred, but the amounts have not been invoiced at the reporting date.

Deferred income

Deferred income refers to amounts that has been received in advance for the goods and services which have not yet been delivered. The Company mainly recognises deferred income on amounts received for asset disposals at reporting date where control of the asset has not been transferred to the customer at the reporting date.

Rental income

Rent receivable is recognised on a straight-line basis over the period of the lease. Where an incentive (such as a rent-free period) is given to a tenant, the carrying value of the leased asset excludes any amount reported as a separate asset as a result of recognising rental income on this basis

2. Accounting policies (continued)

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.

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. Accounting policies (continued)

2.7 Leases

IFRS 16 was adopted 1 April 2019 without restatement of comparative figures.
The following policies apply subsequent to the date of initial application, 1 April 2019.

Identifying Leases

The Company accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

(a) There is an identified asset;
(b) The Company obtains substantially all the economic benefits from use of the asset; and
(c) The Company has the right to direct use of the asset.

The Company considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease.
In determining whether the Company obtains substantially all the economic benefits from use of the asset, the Company considers only the economic benefits that arise use of the asset, not those incidental to legal ownership or other potential benefits.
In determining whether the Company has the right to direct use of the asset, the Company considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the company considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Company applies other applicable IFRSs rather than IFRS 16.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:
- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Lease Measurement

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:
- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the company if it is reasonable certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:
- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the company is contractually required to dismantle, remove or restore the leased asset.

2. Accounting policies (continued)

2.7 Leases(continued)

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

When the Company renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy
- in all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial of full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For contracts that both convey a right to the company to use an identified asset and require services to be provided to the company by the lessor, the company has elected to account for the entire contract as a lease, i.e. it does allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

The Company as lessor

The Company enters into lease agreements as lessor with the respect to one of its investment properties.
Leases for which the Company is a lessor are classified as finance leases or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of the ownership to lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. When the Company is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.
Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.
Amounts due from lessees under finance leases are recognized as receivable at the amount of Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.
When a contract includes both lease and non-lease components, the Company applies IFRS 15 to allocate the consideration under the contract to each component.

2. Accounting policies (continued)

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.

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 Company's financial assets comprise trade and other receivables and cash and cash equivalents in the 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.

2. Accounting policies (continued)

2.11 Financial instruments(continued)

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.

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. Accounting policies (continued)

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.

2.15 Capital contribution

Capital contribution is recognised at fair value of the debt forgiven by the Group and shareholders which increases the Company's equity without any obligation for the entity to repay it or to do anything in consideration for receiving it.

Capital contribution was incurred in 2017 as a result of a group restructuring following the acquisitions in 2016.

2.16 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.

2.17 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.

2. Accounting policies (continued)

2.17 Current and deferred taxation (continued)

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.

2.18 Government Grants

Payroll support: Included in profit or loss is £1,076,048 of government grants obtained relating to supporting the payroll of the Company's employees. The Company has elected to present this government grant separately, rather than reducing the related expense. The Company had to commit to spending the assistance on payroll expenses, and not reduce employee head count below prescribed levels for a specified period of time. The Company does not have any unfulfilled obligations relating to this program.

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.

Amortization of customer relationships

Customer relationships are amortised over their useful lives. Useful lives are based on the management estimates of the period that the assets will generate revenue. These estimates are reviewed at least annually and changes to these estimates can result in significant variations in the carrying value and amounts charged to profit or loss.

Recoverability of the amount due to related party

As explained in Note 1, expected credit losses are measured as an allowance equal to 12-month ECL for stage 1 assets or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased, the Company takes into account qualitative and quantitative reasonable and supportable forward looking information.

Notes to the Financial Statements (continued)
For the Year Ended 31 March 2021

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

Incremental borrowing rate used to measure lease liabilities

Where the interest rate implicit in the lease cannot be readily determined, lease liabilities are discounted at the lessee's incremental borrowing rate. This is the rate of interest that the lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. This involves assumptions and estimates, which would affect the carrying value of the lease liabilities (note 19) and the corresponding right-of-use assets (note 12).
To determine the incremental borrowing rate the company uses recent third-party financing as a starting point and adjusts this for conditions specific to the lease such as its term and security.

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:

	2021	2020
	£'000	£'000
Depreciation of tangible fixed assets	**21,303**	22,517
Depreciation of tangible fixed assets(ROU)	**2,673**	2,371
Amortisation of intangible assets	**1,440**	1,211
Gain on disposal of property, plant and equipment	**1,318**	1,668
Operating lease charges	**32**	308

Operating lease charges includes short-term and low value lease commitments which have not been recognized under IFRS 16.

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:

	2021	2020
	£'000	£'000
Fees for the audit of the Company	**61**	50
	61	50

Notes to the Financial Statements (continued)
For the Year Ended 31 March 2021

7. Employees

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

	2021 £'000	2020 £'000
Wages and salaries	**8,464**	9,885
Social security costs	**956**	1,031
Contributions to defined contribution pension scheme	**157**	178
	9,577	11,094

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

	2021 No	2020 No
Sales and administration (including Directors)	**155**	161
Fitters, drivers and yard staff	**99**	121
	254	282

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

	2021 £000	2020 £000
Interest on bank overdrafts and loans	**3,882**	4,542
Interest on short-term leases	**204**	326
Interest on lease liabilities	**303**	311
	4,389	5,179

Interest on short term lease relates to 6 months hire purchase contracts in the year.

Notes to the Financial Statements (continued)
For the Year Ended 31 March 2021

10. Tax

	2021 £'000	2020 £'000
Corporation tax		
Current tax in the year in respect of R&D tax received*	-	(21)
Adjustments in respect of tax received in the year	(419)	
Total current tax	(419)	(21)
Deferred tax		
Origination and reversal of timing differences	2,217	42
Effect of change in tax rates	-	876
Total deferred tax	2,217	918
Total tax charge on ordinary activities	1,798	897

Factors affecting tax charge for the year

	2021 £'000	2020 £'000
Profit on ordinary activities before tax	641	2,749
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	122	522
Effects of:		
Adjustments in respect of R&D tax received in the year	-	(21)
Adjustments in respect of tax received in the year for OCHC*	(419)	
Expenses not deductible for tax purposes	2,631	1,035
Effect of change in tax rates	-	876
Effects of group relief	(536)	(1,515)
Total tax charge for the year	1,798	897

On 1 March 2016, the trade and assets of One Call Hire Capital Limited ("OCHC") were transferred to Ardent Hire Solutions Limited and OCHC was dissolved.

This financial year It was noted that OCHC was due a tax repayment of £418,821, therefore OCHC was reinstated in the year, following a restoration by the courts to receive the refund.

This refund has now been transferred to Ardent Hire and recorded as a tax credit.

Notes to the Financial Statements (continued)
For the Year Ended 31 March 2021

10. Tax (continued)

Factors that may affect future tax charges

In the 2021 Budget Statement, the Government announced that the corporation tax rate would remain at 19% until 31 Mar 2023, then from 1 April 2023 the corporation tax rate will increase to 25%.

Accordingly, deferred taxation has been provided for at 19%. (2020: 19%)

11. Intangible assets

	Customer relationships	Software	Total
	£'000	£'000	£'000
Cost			
At 1 April 2020	5,651	1,007	6,658
Additions	-	574	574
At 31 March 2021	**5,651**	**1,581**	**7,232**
Amortisation			
At 1 April 2020	3,847	493	4,340
Charge for the year	1,099	341	1,440
At 31 March 2021	**4,946**	**834**	**5,780**
Net book value			
At 31 March 2021	**705**	**747**	**1,452**
At 31 March 2020	**1,804**	**514**	**2,318**

11. Intangible assets (continued)

Impairment assessment

The Group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations which requires the use of assumptions. The calculations use cash flow forecasts based on financial budgets approved by management covering a five-year period, plus a terminal value. Where the recoverable amount is less than the carrying value, an impairment results. For the purposes of carrying out impairment tests, the Group's total goodwill has been allocated to a CGU. The group classifies Ardent Hire Solutions Limited as a single CGU for the purpose of the goodwill impairment review.

The CGU was tested for impairment. No charge was made in the current year.

Sensitivity analysis has been carried out on the revenue growth assumptions including the long-term growth rate. The Group is confident that the long term growth prospects for the UK construction sector are very positive, with an ongoing substantial programme of housebuilding, coupled with the significant planned investment in UK infrastructure as set out in the governments National Infrastructure Strategy, including the HS2 programme. The Group therefore considers the revenue growth assumptions to be suitable and perhaps even pessimistic.

Significant judgments, assumptions and estimates

There is considered to be one CGU and its recoverable amount was measured using value in use. Fair value less costs of disposal was not calculated as no impairment was indicated by the value in use calculation. Detailed forecasts for the next 5 years plus Hire EBITDA (terminal value growth rate) of 2.8% (2020: 2%) have been used which are based on approved annual budgets and strategic projections representing the best estimate of future performance. Management consider forecasting over this period to appropriately reflect the business cycle of the CGU. Contingency plans and actions to mitigate any decline in revenue have been modelled and include increasing resales and decreasing staff cost as have been evidenced during the management of the Covid-19 period.

In determining the value in use of CGU it is necessary to make a series of assumptions to estimate the present value of future cash flows. In each case, these key assumptions have been made by management reflecting past experience and are consistent with relevant external sources of information.

Operating cash flows

The main assumptions within forecast operating cash flow include those regarding revenue growth, net margin and the level of capital expenditure required to support trading, which management estimates based on past experience adjusted for current market trends and expectations of future changes in the market. Covid-19 resulted in the short-term reduction of machines on hire and therefore revenue. This position rapidly adjusted to the extent that the group was trading at pre-pandemic levels by the third quarter of the financial year. Utilisation since this point in time has been significantly higher than in previous years due to the better management of fleet that has been driven by the new processes adopted during the pandemic. Operating cash flows remain buoyant, as do the values of used machines that are sold on a day-to-day basis by the Group. These factors underpin the Groups confidence of future operating and capital based cash-flows.

11 Intangible fixed assets (continued)

Pre-tax risk adjusted discount rates

This rate reflects the specific risks relating to the CGU. This has been considered and for the Group has been calculated to be 12% (2020: 11.3%). Pre-tax risk adjusted discount rates are derived from risk-free rates based upon long term government bonds in the territory, or territories, within which the CGU operates. A relative risk adjustment (or "beta") has been applied to risk-free rates to reflect the risk inherent in the CGU relative to all other sectors on average, determined using an average of the betas of comparable listed companies.

Long term growth rates

A long term average growth rate of 2.8% (2020: 2%) has been used to determine the terminal value, in line with forecasts included within industry reports.

Notes to the Financial Statements
For the Year Ended 31 March 2021

12. Tangible fixed assets

	Long-term Leasehold Property	Plant and Machinery	Motor Vehicles	Fixtures and Fittings	Computer Equipment	ROU Lease Property	ROU Lease Motor Vehicle	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost								
At 1 April 2020	2,157	214,778	921	1,092	341	7,627	4,448	231,364
Additions	124	17,283	-	40	28	411	1,475	19,361
Disposals	(14)	(35,874)	(639)	-	-	-	(126)	(36,653)
At 31 March 2021	**2,268**	**196,187**	**282**	**1,132**	**369**	**8,038**	**5,797**	**214,072**
Accumulated depreciation								
At 1 April 2020	492	49,263	521	834	253	896	1,475	53,734
Charge for the year	231	20,741	139	135	57	1,057	1,616	23,976
Disposals	(1)	(13,772)	(449)	-	-	-	(62)	(14,284)
At 31 March 2021	**722**	**56,232**	**211**	**969**	**310**	**1,953**	**3,029**	**63,426**
Net book value								
At 31 March 2021	**1,545**	**139,955**	**71**	**163**	**59**	**6,085**	**2,768**	**150,646**
At 31 March 2020	**1,665**	**165,515**	**400**	**258**	**88**	**6,731**	**2,973**	**177,630**

The Company has an Asset Based Lending facility, which is secured against Plant and Machinery of the Group with a 5 year term repayable on 16 January 2023. As at 31 March 2021 the outstanding balance was £84,648,000, (2020: £112,718,000)

13. Stocks

	2021	2020
	£'000	£'000
Raw materials and consumables	**689**	912

During the year the Company made provisions of £nil (2020: £nil) in respect of slow moving and obsolete inventory

14. Trade and other receivables

	2021 £'000	2020 £'000
Trade receivables	**1,307**	14,111
Less: provision for expected credit losses	**(503)**	(407)
Trade receivables – net	**12,804**	13,704
Other receivables	**569**	569
Prepayments and accrued income	**1,378**	1,694
	14,751	15,967

All trade and other receivables are expected to be recovered within 12 months of the balance sheet date. The fair value of trade and other receivables is the same as the carrying values shown above.

The carrying value of trade receivables, other receivables and cash represents the maximum exposure to credit risk. No collateral is held as security.

The directors of the Company always measure the loss allowance on amounts due from customers at an amount equal to lifetime ECL, taking into account the historical default experience and the future prospects of the construction industry. As at 31 March 2021 trade receivables of £908,000 (2020: £1,153,000) were past due but not impaired. Trade receivables are reviewed on a line by line basis with consideration given to specific circumstances and credit history when calculating the expected credit loss provision.

The following table details the risk profile of amounts due from customers based on the Company's provision matrix. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Company's different customer bases. As at 31 March 2021 the amount of the impairment allowance was £503,000 (2020: £407,000). The individually impaired receivables relate mainly to accounts which are outside the normal credit terms. The ageing analysis of these receivables is as follows:

Trade receivables days past due

31/03/2021	**Not past due** £'000	**61-90** £'000	**Over 90** £'000	**Total** £'000
Expected credit loss rate	0.1%	39%	28%	4%
Estimated gross carrying value at default	12,399	222	686	13,307
Lifetime ECL	(225)	(86)	(192)	(503)
Total				12,804

14. Trade and other receivables (continued)

Trade receivables days past due

31/03/2020	**Not past due** £'000	**61-90** £'000	**Over 90** £'000	**Total** £'000
Expected credit loss rate	0.03%	6%	62%	3%
Estimated gross carrying value at default	12,958	638	515	14,111
Lifetime ECL	(48)	(39)	(320)	(407)
Total				13,704

The movement in the impairment allowance for trade receivables is set out below:

	2021 **£'000**	2020 £'000
At 1 April	**407**	374
Unused amounts reversed	**-**	-
Provision for receivable impairment	**309**	188
Amounts utilised	**(213)**	(155)
	503	407

The carrying amount of the Company's trade and other receivables are denominated in GBP. There has not been any significant change in the gross amounts of financial assets that has affected the estimation of the loss allowance.

Company	**2021** **£'000**	2020 £'000
Amounts receivable from group companies	**28,592**	26,277

Amounts owed by Group undertakings are due on demand and bear no interest.

The Company has confirmed that they will not recall the debt within 12 months.

The Company measures the loss allowance on amounts due from the Group companies at an amount equal to lifetime ECL which have had no material impact on the company, and it has not been impaired. *The amounts receivable from group companies arising from the restructuring transaction will be recovered through the sale of the business at a future date.*

15. Cash and cash equivalents

	2021 **£'000**	2020 £'000
Cash at bank and in hand	**85**	1,012

Notes to the Financial Statements (continued)
For the Year Ended 31 March 2021

16. Creditors: Amounts falling due within one year

	2021 £'000	2020 £'000
Trade creditors	**16,272**	18,234
Taxation and social security	**1,293**	1,467
Other creditors	**666**	206
Lease liabilities	**2,235**	2,351
Accruals and deferred income	**3,369**	2,310
	23,835	24,568

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

	2021 £'000	2020 £'000
Non-current Liabilities		
Lease liabilities	**6,886**	7,494
Bank loans	**84,310**	111,931
	91,196	119,425

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 5 year term repayable on 16 January 2023. 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 2021 the outstanding balance was £84,648,000 (2020: £112,718,000). 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 2021 the unamortised balance was £337,500 (2020: £788,000) which is included as a net amount against the loan balance.

18. Loans

Analysis of the maturity of loans is given below:

	2021 £'000	2020 £'000
Between 2-5 years	**84,310**	111,931

Notes to the Financial Statements (continued)
(For the Year Ended 31 March 2021

19. Lease liabilities

	2021 £'000
Lease liabilities movement schedule	
1 April 2020	**9,845**
Movement in Lease Liability in the year	**1,834**
Lease payments in the year	**(2,861)**
Interest expenses on lease liabilities	**303**
31 March 2021	**9,121**

	2020 £'000
Lease liabilities movement schedule	
1 April 2019	**12,075**
Lease payments in the year	**(2,51)**
Interest expenses on lease liabilities	**311**
31 March 2020	**9,845**

Analysis of the maturity of lease liabilities is given below:

	2021 **£'000**	2020 £'000
Due within one year	**2,235**	2,351
Due between 2-5 years	**5,662**	6,021
Due over 5 years	**1,224**	1,473
	9,121	9,845

The percentages in the table below reflects the current proportion of lease payments that are either fixed or variable. The sensitivity reflects the impact on the carrying amount of lease liability and right-of-use asset if there was an uplift of 1% on the balance sheet date to lease payments that are variable.

31-Mar-21	**Lease Contracts number**	**Fixed Payments**	**Variable payments**	**Sensitivity £000**	**Lease Liability £000**
Property leases with fixed payments	11	46%	-	-	6,485
Property leases with periodic uplift to market rentals	2	-	11%	+/-16	1,554
Leases of Motor vehicles	138	42%	-	-	5,924
	151	**88%**	**11%**	**16**	**13,963**

19. Lease liabilities (continued)

31-Mar-20	Lease Contracts number	Fixed Payments	Variable payments	Sensitivity £000	Lease Liability £000
Property leases with fixed payments	10	50%	-	-	6,073
Property leases with periodic uplift to market rentals	2	-	13%	+/-16	1,554
Leases of Motor vehicles	79	37%	-	-	4,448
	91	**87%**	**13%**	**16**	**12,075**

The total cash outflow for leases during the year was £2,861,000, (2020: £2,541,000).

20. Deferred taxation

	Deferred tax £'000
Liability at 1 April 2020	7,581
Recognised in statement of comprehensive income	2,217
Liability at 31 March 2021	**9,798**

The deferred taxation balance is made up as follows:

	2021 £'000	2020 £'000
Accelerated capital allowances	**9,798**	7,581

21. Called up share capital

	Allotted, called up and fully paid 2021 £	Allotted, called up and fully paid 2020 £
Allotted, called up and fully paid		
450 Ordinary shares of £1 each	**450**	450

All shares provide the holder with one voting right.

22. Reserves

The profit and loss account represents the accumulated profits, losses and distributions of the Company. No dividend was paid during the year (2020: 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 £172,781 (2020: £177,750).Contributions totaling £29,586 (2020: £27,051) were payable to the fund at the reporting date.

24. Commitments

The company had capital commitments at the 31 March 2021 of £ 30,330,000 (2020: £64,245) for the purchase of plant and machinery assets.

25. Related party transactions

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

During the year the Company entered into the transactions of £2,315,000 with Wren Buyerco Limited for directors' remuneration, investors fee and other admin cost.

The remuneration arrangements of the Directors of the Company are disclosed in Note 23 of the financial statements of Wren Topco Limited.

The balance of receivables at year end was £28,592,000 (2020: £26,277,000).

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

Due to the pandemic at the beginning of the financial year The Group utilised the HMRC VAT Covid deferral scheme for both March 2020 and April 2020 VAT submissions. Payments for these were both cleared by 1st April 2021.

The Group has agreed a one-year extension for the ABL Loan, this was agreed with the syndicate of banks in June 2021, extending the agreement to January 2023.