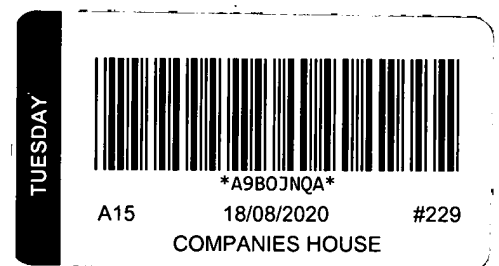


WREN MIDCO LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the Year Ended 31 March 2020



WREN MIDCO LIMITED

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WREN MIDCO LIMITED

Company Information

Directors	F Dekker S McMinnies
Registered number	09592383
Registered office	32 Crown Road Enfield England EN1 1TH
Independent auditor	BDO LLP 55 Baker Street London W1U 7EU United Kingdom

WREN MIDCO LIMITED

Strategic Report For the Year Ended 31 March 2020

Introduction

The Directors present their Strategic Report for Wren Midco Limited ("the Company").

Business review

The Company is an intermediary holding company in a group of companies of which Wren Topco Limited is the ultimate parent company ("the Group").

During the year a reorganization of capital structure took place, with all loan notes issued by the Company were novated to Fork Rent Limited and subsequently converted to priority shares and Management Incentive Plan (MIP) shares in Wren Topco Limited.

The mechanism for the restructure included the exchange of £96.1m of loan notes and capitalized interest between the Company, Fork Rent Limited and Wren Topco and the subsequent issue of £85.1m of Priority Shares. The differences between the carrying value of the loan notes and the Priority Shares was issued recognized as a Capital Contribution in equity.

Future developments

It is intended that the Company remains as an intermediate holding company of the Group for the foreseeable future.

Principal risks and uncertainties

Given the simple nature of the Company's activities, the principal risks and uncertainties arising for the Company are linked to those of the group. Matters such as liquidity risk are managed on a Group basis and such risks and uncertainties are set out in the financial statements of Wren Topco Limited.

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.

The Group's results were marginally negatively impacted in the final month of the financial year due to the Covid19 pandemic. Our estimate of the impact on operating profit is less than £300,000, driven by the suspensions of machines on hire in the final two weeks of the financial year. At the time of approving the financial statements, volumes have largely recovered and the Group is trading above 70% utilization. However there has been no impact on the Company.

Financial key performance indicators

The loss for the year was £454,683 (2019: £1,822,595).

The Directors do not consider it necessary to provide an analysis of performance using key performance indicators as the activity of the company which hold loan notes, is simple in its nature.

This report was approved by the Board of Directors on 29 July 2020 and signed on its behalf by



F Dekker
Director

WREN MIDCO LIMITED

Directors' Report For the Year Ended 31 March 2020

The Directors present their annual report and the audited financial statements for the year ended 31 March 2020.

Results and dividends

The loss for the year, after taxation, amounted to £454,683 (2019: £1,822,595).

The Directors do not propose the payment of a dividend (2019: £nil).

The Directors who served during the year and up to the date of approval of the financial statements were:

F Dekker
S McMinnies

Going concern

Wren Midco 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 £4,718,496 for the year to 31 March 2020 (2019: £2,687,000) and has net assets of £42,297,000 (2019: net liabilities of £40,985,000) and net current liabilities of £6,993,000 (2019 net current liabilities: £7,996,000). 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 yearend £112.7m was drawn against the facility.

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 24-month period of the forecast to 31 March 2022.

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. The forecast period under review extends to five years, but the Directors have specific focus on the next twenty-four 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.

These mitigating measures include the increased selling 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 Group's results were negatively impacted marginally in the final month of the financial year due to the Covid19 pandemic. Our estimate of the impact on operating profit is less than £300,000. Since the year-end, the Group has outperformed its forecasts for the first three months of the forthcoming financial year. This, along with the continued support of the banking syndicate and the support of the Coronavirus Job Retention Scheme has given the Directors confidence that the Group has sufficient liquidity to trade through a significant downturn such as Covid19 without breaching covenants. However there will be no impact on the Company.

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 Wren Midco Limited on a going concern basis.

The Company is also in receipt of a letter of financial support from Wren Topco Limited.

Future developments are commented on in the Strategic Report.

Financial risk management

The Company holds and uses financial instruments to finance its operations. Interest rate risk is managed through fixed rate debt. Details of the Company's arrangements are contained in the Group financial statements.

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.

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

Post balance sheet events

Directors have considered the impact of the Covid 19 lockdown on the financial statements as of 31 March 2020 and there is no material impact of on the Company and also there have been no other significant events affecting the Company since the period end.

This report was approved by the Board on 29 July 2020 and signed on its behalf by



F Dekker
Director

WREN MIDCO LIMITED

For the Year Ended 31 March 2020

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.

WREN MIDCO LIMITED

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF WREN MIDCO LIMITED

Opinion

We have audited the financial statements of Wren Midco Limited ("the Company") for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, Statement of Financial Position and 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).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2020 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.

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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the 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.

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 this regard.

WREN MIDCO LIMITED

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF WREN MIDCO LIMITED (CONTUINED)

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

Matters on which we are required to report by exception

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 and 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.

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

WREN MIDCO LIMITED

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF WREN MIDCO LIMITED (CONTINUED)

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.

BDO LLP

Anne Sayers (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
29 July 2020

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

WREN MIDCO LIMITED

**Statement of Comprehensive Income
For the Year Ended 31 March 2020**

	Note	2020 £	2019 £
Interest receivable	6	8,197,491	7,368,563
Interest payable	6	(8,652,174)	(9,191,158)
Loss before tax		(454,683)	(1,822,595)
Tax change		-	-
Loss for the year		(454,683)	(1,822,595)
Total comprehensive loss for the year		(454,683)	(1,822,595)

There were no recognised gains and losses for the year ended 31 March 2020 other than those included in the Statement of Comprehensive Income.

The notes on pages 12 to 21 form part of these financial statements.

WREN MIDCO LIMITED

Registered number: 09592383

**Statement of Financial Position
As at 31 March 2020**

	Note	2020	2019
		£	£
Non-current assets			
Investments	8	2	2
Debtors: amounts falling due after more than one year	9	86,504,529	78,307,039
Current assets			
Debtors: amounts falling due within one year	10	29,888,366	29,888,366
Total assets less current liabilities		116,392,897	108,195,405
Creditors: amounts falling due after more than one year	11	(85,391,697)	(88,287,757)
Net assets		31,001,200	19,907,648
Capital and reserves			
Called up share capital	12	25,210,349	25,210,349
Capital Contribution	13	11,548,235	-
Accumulated deficit	13	(5,757,384)	(5,302,701)
Total Equity		31,001,200	19,907,648

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 29 July 2020 by



F Dekker
Director

The notes on pages 12 to 21 form part of these financial statements.

WREN MIDCO LIMITED

**Statement of Changes in Equity
For the Year Ended 31 March 2020**

	Share capital	Capital Contribution	Accumulated deficit	Total equity
	£	£	£	£
At 1 April 2018	25,210,349	-	(3,480,106)	21,730,243
Comprehensive loss for the year				
Loss for the year	-	-	(1,822,595)	(1,822,595)
At 31 March 2019	25,210,349	-	(5,302,701)	19,907,648
Comprehensive loss for the year				
Loss for the year	-	-	(454,683)	(454,683)
Total comprehensive loss for the year	-	-	(454,683)	(454,683)
Capital Contribution	-	11,548,235	-	11,548,235
At 31 March 2020	25,210,349	11,548,235	(5,757,384)	31,001,200

WREN MIDCO LIMITED
Notes to the Financial Statements
For the Year Ended 31 March 2020

1. General information

Wren Midco Limited is an intermediate holding company in the Group.

The functional and presentational currency of the Company is GBP.

The Company is a private company limited by shares and is incorporated and domiciled in England and Wales. The address of its registered office is 32 Crown Road, Enfield, England, EN1 1TH.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The Company meets the definition of 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).

The financial statements present information about the company as an individual undertaking and do not contain consolidated financial information as the parent of a group. The Company has taken advantage of the exemptions conferred by section 400 of the Companies Act 2006 not to produce consolidated financial statement as it is a wholly owned subsidiary of Wren Topco Limited and its results are included in the consolidated financial statements of that entity.

The following principal accounting policies have been applied:

2.2 Financial reporting standard (FRS) 101 - reduced disclosure exemptions

In preparing the financial statements, 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;
- 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; and
- 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 have been given in the financial statements of Wren Topco Limited, refer to note 15.

WREN MIDCO LIMITED

Notes to the Financial Statements (continued)

For the Year Ended 31 March 2020

2. Accounting policies (continued)

2.3 Going concern

Wren Midco 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 £4,718,496 for the year to 31 March 2020 (2019: £2,687,749) and has net assets of £42,297,000 (2019: net liabilities of £40,985,000) and net current liabilities of £6,993,000 (2019 net current liabilities: £7,996,000). 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 yearend £112.7m was drawn against the facility. 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 24 month period of the forecast to 31 March 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. The forecast period under review extends to five years, but the Directors have specific focus on the next twenty four 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.

These mitigating measures include the increased selling 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 Group's results were negatively impacted marginally in the final month of the financial year due to the Covid19 pandemic. Our estimate of the impact on operating profit is less than £300,000. Since the year-end, the Group has outperformed its forecasts for the first three months of the forthcoming financial year. This, along with the continued support of the banking syndicate and the support of the Coronavirus Job Retention Scheme has given the Directors confidence that the Group has sufficient liquidity to trade through a significant downturn such as Covid19 without breaching covenants. However there will be no impact on the Company.

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 Wren Midco Limited on a going concern basis.

The Company is also in receipt of a letter of financial support from Wren Topco Limited.

2.4 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to investments in subsidiaries. When necessary, the carrying amount of the investment is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount.

WREN MIDCO LIMITED

Notes to the Financial Statements (continued)

For the Year Ended 31 March 2020

2. Accounting policies (continued)

2.5 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.6 Financial instruments

The Company uses certain financial instruments in its operating and investing activities that are deemed appropriate for its strategy and circumstances.

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 are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

The Company classifies its financial assets into one of two categories, depending on the purpose for which the asset was acquired.

- Loan notes(financing)
- Other debtors amount due from related party

The Company's accounting policy is as follows.

Amortised Cost

These assets arise principally from the provision of financing to Group Undertaking, but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. 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.

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.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

Notes to the Financial Statements (continued)
For the Year Ended 31 March 2020

2. Accounting policies (continued)

2.6 Financial instruments (continued)

Financial liabilities

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

At amortised cost

Financial liabilities at amortised cost 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.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss. Where the financial liability relates to loans from shareholders, the difference is recognised in equity as a capital contribution.

2.7 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.

2.8 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.9 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Income statement, 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 have not been 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.

Notes to the Financial Statements (continued)
For the Year Ended 31 March 2020

2.10 Changes in accounting policies

IFRIC 23 Uncertainty over income Tax Treatments

IFRIC 23 Uncertainty over income Tax Treatments provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments.

The Interpretation requires:

- The Company to determine whether uncertain tax treatments should be considered separately, or together as a group, based on which approach provides better predictions of the resolution;
- The Company to determine if it is probable that the tax authorities will accept the uncertain tax treatment; and
- If it is not probable that the uncertain tax treatment will be accepted, measure the tax uncertainty based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty. This measurement is required to be based on the assumption that each of the tax authorities will examine amounts they have a right to examine and have full knowledge of all related information when making those examinations.

The adoption of IFRIC 23 which would have had no material impact on the company.

IFRS 16 Lease

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 Company does not have any leasing activities acting as a lessor.

The adoption of IFRS 16 had no material impact on the company.

2.11 Capital contribution

A capital contribution arises from the waiver of a debt due by the Group to the shareholders. The actual amount of the capital contribution is determined as the net of the debt waived less any consideration paid or exchanged. For interest-bearing loans, the amount waived consists of the principal not yet repaid together with the unpaid interest that has accrued up to the date of waiver.

The capital contribution is not included in profit or loss nor within other comprehensive income. Instead, it is presented in the statement of changes in equity as a separate non-distributable reserve.

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

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

Notes to the Financial Statements (continued)
For the Year Ended 31 March 2020

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

Critical accounting judgements

Assessing recoverability of intercompany receivables

Recoverability of intercompany receivables is considered by reference to the underlying performance of the counterparty and its subsidiaries. The Company has intercompany receivables of £116.4m (2019: £108.2m) as disclosed within note 9 and 10.

Impairment of investments

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to investments in subsidiaries. When necessary, the carrying amount of the investment is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount.

4. Auditor's remuneration

In relation to the statutory audit of the financial statements was £5,000 (2019: £4,000) and this has been borne by another group company.

5. Employees

The Company has no employees other than the Directors, who did not receive any remuneration for the period (2019: none).

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

6. Finance income and expenses

	2020	2019
	£	£
Interest receivable and similar charges	8,197,491	7,368,563
Interest payable and similar charges	(8,652,174)	(9,191,158)
	<u>(454,683)</u>	<u>(1,822,595)</u>

7. Tax

	2020	2019
	£'000	£'000
Corporation tax		
Current tax on profits for the year	-	-
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Adjustments in respect of prior year	-	-
Total deferred tax	<u>-</u>	<u>-</u>
Tax charge on loss on ordinary activities	<u>-</u>	<u>-</u>

WREN MIDCO LIMITED

Notes to the Financial Statements (continued)
For the Year Ended 31 March 2020

7. Tax(continued)

Factors affecting tax credit for the period

	2020	2019
	£	£
Loss on ordinary activities before tax	<u>(454,683)</u>	<u>(1,822,595)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	(86,390)	(346,293)
Effects of:		
Expenses not deductible for tax purposes	625,334	584,874
Group relief	<u>(538,944)</u>	<u>(238,581)</u>
Total tax (charge)/credit for the year	<u>-</u>	<u>-</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.

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19%.

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

8. Investments

	Investments in subsidiary undertakings
	£
Cost and net book value	
At 1 April 2019 and 31 March 2020	<u>2</u>

See note 15 for information relating to its subsidiaries.

WREN MIDCO LIMITED**Notes to the Financial Statements (continued)**
For the Year Ended 31 March 2020**9. Debtors due after more than one year**

	2020	2019
	£	£
Amounts owed by Group undertakings	<u>86,504,529</u>	<u>78,307,039</u>
	<u>86,504,529</u>	<u>78,307,039</u>

There is a loan facility agreement with another subsidiary of the Wren Topco Limited, with a coupon interest rate of 10% and repayment date of 20 August 2025.

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.

10. Debtors due within one year

	2020	2019
	£	£
Amounts owed by Group undertakings	<u>29,888,366</u>	<u>29,888,366</u>
	<u>29,888,366</u>	<u>29,888,366</u>

Amounts owed by Group undertakings are unsecured, interest free and repayable on demand.

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.

WREN MIDCO LIMITED**Notes to the Financial Statements (continued)**
For the Year Ended 31 March 2020**11. Creditors: Amounts falling due after more than one year**

	2020	2019
	£	£
Loan notes	-	88,287,757
Amounts payable to Group company	85,385,323	-
Other payable	6,374	-
	<u>85,391,697</u>	<u>88,287,757</u>

During the year a reorganization of capital structure took place, with all loan notes issued by the Company being transferred to Fork Rent Limited and all loan notes being replaced with priority shares and MIP shares to investors and management in Wren Topco Limited.

The capital restructuring transaction has been accounted for through intercompany, giving rise to the liability of £85,385,323 at year end (2019: £nil). The difference between the carrying value of the loan notes and the priority shares issued is recognized as a Capital Contribution in equity (Note 13).

Amounts owed by Group undertakings are due on demand and bear no interest. The Company is in receipt of a letter of support from its parent company who has confirmed that they will not recall the debt within 12 months.

The loan notes were de-listed from the Channel Islands Stock Exchange.

12. Share capital

	2020	2019
	£	£
Authorized, allotted, called up and fully paid		
25,210,349 Ordinary shares of £1 each	<u>25,210,349</u>	<u>25,210,349</u>

All shares provide the holder with one vote.

13. Reserves**Accumulated deficit**

The accumulated deficit represents the accumulated profits, losses and distributions of the Company for the year ended 31 March 2020. There were no distributions paid during this period (2019: none).

Capital Contribution

The capital contribution represents the excess arising on the conversion of the loan note that the shareholders forgave.

The mechanism of the restructure included the exchange of £96.1m of loan notes and capitalized interest between the Company, Fork Rent Limited and Wren Topco and the subsequent issue of £85.1m of Priority Shares, £11m excess of amount of loan notes conversion has been recorded as Capital Contribution.

14. Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking is Fork Rent Limited.

The ultimate parent undertaking and the smallest and largest company to prepare consolidated financial statements which include 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.

15. Subsidiary undertaking

The following are subsidiary undertakings of the Company:

Direct subsidiary undertaking

Name	Country of incorporation	Class of shares	Holding	Principal activity
Wren Buyerco Limited	England **	Ordinary	100 %	Intermediate holding company

Indirect subsidiary undertakings

Name	Country of incorporation	Class of shares	Holding	Principal activity
Ardent Hire Solutions Limited	England **	Ordinary	100%	Plant hire

** Registered office 32 Crown Road, Enfield, England, EN1 1TH.

16. Post Balance sheet events

The loan notes were de-listed from the Channel Islands Stock Exchange.

Directors have considered the impact of the Covid 19 lockdown on the financial statements as of 31 March 2020 and there is no material impact of on the Company and also there have been no other significant events affecting the Company since the period end.