

GAP Group Properties Limited

**Directors' report and financial
statements**

Registered number SC159415

31 March 2020



Contents

| | |
|---|---|
| Directors' Report | 1 |
| Statement of directors' responsibilities in respect of the Directors' Report and the financial statements | 2 |
| Independent auditor's report to the members of GAP Group Properties Limited | 3 |
| Profit and Loss Account | 5 |
| Balance Sheet | 6 |
| Statement of Changes in Equity | 7 |
| Notes | 8 |

Directors' Report

The directors present their report and the financial statements for the year ended 31 March 2020.

Principal activity

The company is a property investment company.

Business review

During the year, the company made a profit after tax of £2,153,000 (2019: £967,000). The directors agreed to pay a dividend in specie of £4,576,000 (2019: £nil) in the year.

The directors do not recommend the payment of a final dividend.

Directors

The directors of the company during the year and to the date of this report were:

D G Anderson
I M Anderson
CAG Parr


Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



D G Anderson
Secretary

Carrick House
40 Carrick Street
Glasgow
G2 8DA

27 August 2020

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of GAP Group Properties Limited

Opinion

We have audited the financial statements of GAP Group Properties Limited ("the company") for the year ended 31 March 2020 which comprise the profit and loss, the balance sheet, the statement of changes in equity and related notes, including the accounting policies in note 1.

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 profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Independent auditor's report to the members of GAP Group Properties Limited

(continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 2, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Philip Charles (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

319 St Vincent Street, Glasgow, G2 5AS

27 August 2020

Profit and Loss Account
for year ended 31 March 2020

| | <i>Note</i> | 2020 £000 | 2019 £000 |
|---|-------------|----------------------------|----------------------------|
| Turnover | 2 | 3,618 | 3,424 |
| Other operating expenses | | (1,477) | (1,275) |
| Operating profit | | 2,141 | 2,149 |
| Revaluation on sale of fixed assets | | 1,102 | - |
| Interest payable | 3 | (613) | (597) |
| Profit before taxation | | 2,630 | 1,552 |
| Tax on profit | 5 | (477) | (585) |
| Profit after taxation for the financial year | | 2,153 | 967 |

Other Comprehensive Income

There is no other comprehensive income, other than the profit shown above.

All activities in 2020 are continuing.

Notes on pages 8 to 14 form part of the financial statements.

Balance Sheet

at 31 March 2020

| | Note | 2020 £000 | 2020 £000 | 2019 £000 | 2019 £000 |
|---|------|-----------------|-----------------|-----------------|-----------------|
| Fixed assets | | | | | |
| Tangible assets | 6 | | 47,063 | | 34,577 |
| Investment properties | 7 | | 1,864 | | 5,235 |
| Current assets | | | | | |
| Debtors | 8 | 56 | | 48 | |
| Cash at bank and in hand | | 127 | | 94 | |
| | | <u>183</u> | | <u>142</u> | |
| Creditors: amounts falling due within one year | 9 | <u>(40,696)</u> | | <u>(29,128)</u> | |
| Net current liabilities | | | <u>(40,513)</u> | | <u>(28,986)</u> |
| Total assets less current liabilities | | | <u>8,414</u> | | <u>10,826</u> |
| Provisions for liabilities | 10 | | <u>(65)</u> | | <u>(54)</u> |
| Net assets | | | <u>8,349</u> | | <u>10,772</u> |
| Capital and reserves | | | | | |
| Called up share capital | 11 | | - | | - |
| Profit and loss account | | | 8,349 | | 10,772 |
| Shareholders' funds | | | <u>8,349</u> | | <u>10,772</u> |

The notes on pages 8 to 14 form part of the financial statements.

These financial statements were approved by the board of directors on 27 August 2020 and were signed on its behalf by:



Douglas Anderson
Director



Iain Anderson
Director

Company registered number: SC159415

Statement of Changes in Equity

| | Called up share capital £000 | Profit & loss account £000 | Total equity £000 |
|--|---|---|----------------------------------|
| Restated balance at 1 April 2018 | - | 9,805 | 9,805 |
| Total comprehensive income for the period | | | |
| Profit for the year | - | 967 | 967 |
| | <hr/> | <hr/> | <hr/> |
| Balance at 31 March 2019 | - | 10,772 | 10,772 |
| | <hr/> | <hr/> | <hr/> |
| | Called up share capital £000 | Profit and loss account £000 | Total equity £000 |
| Balance at 1 April 2019 | - | 10,772 | 10,772 |
| Total comprehensive income for the period | | | |
| Profit for the year | - | 2,153 | 2,153 |
| Transactions with owners, recorded directly in equity | | | |
| Dividend in specie | - | (4,576) | (4,576) |
| | <hr/> | <hr/> | <hr/> |
| Balance at 31 March 2020 | - | 8,349 | 8,349 |
| | <hr/> | <hr/> | <hr/> |

Notes

(forming part of the financial statements)

1 Accounting policies

GAP Group Properties Limited (the "Company") is a private company limited by shares and incorporated and domiciled in Scotland in the UK. The registered number is SC159415 and the registered address is Carrick House, 40 Carrick Street, Glasgow G2 8DA. These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*"). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's parent undertaking, GAP Holdings Limited includes the Company in its consolidated financial statements. The consolidated financial statements of GAP Holdings Limited are available to the public and may be obtained from Companies House, 4th Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

In the opinion of the directors, there are no aspects of the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year.

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: investment properties.

1.1 Going concern

GAP Group Properties Ltd is a subsidiary of GAP Holdings Ltd. GAP Holdings Ltd (through GAP Group Ltd) is funded through a combination of a revolving ABL credit facility, which is in place until September 2025, and hire purchase arrangements. GAP Group Properties Limited is party to the facilities within GAP Group Limited with cross guarantees being in place between the companies. Consequently, the ability of the company to continue as a going concern is based on the ability of GAP Holdings to continue as a going concern.

Management has produced forecasts for both GAP Group Properties Ltd and GAP Holdings Ltd that have been extended out beyond 12 months from the signing date of these financial statements and these forecasts have been reviewed by the Board of Directors. The forecasts demonstrate that both Properties and Holdings will generate cash and profits in the year ending 31 March 2021 and beyond. The directors believe that due to its position with GAP Holdings the company is well placed to manage its business risks successfully.

The Directors of GAP Holdings have considered a severe but plausible downside scenario, which results in a sustained decrease in hire revenue in line with what was experienced during lockdown, the forecasts include certain of the mitigating actions which are in the control of the Directors. The most significant of these is a reduction and delay in our capital expenditure on the replacement of the fleet. The current age of the available for hire plant and equipment means this is possible without any impact on the Group's ability to service our customers. Additionally, the forecasts include the Group's use of the government's job retention scheme but only for the timelines currently announced by the Government.

As such, the directors are satisfied that the company has adequate resource to pay its liabilities as they fall due and continue operate for the foreseeable future. For this, they continue to adopt the going concern basis for preparing these financial statements.

The forecasts demonstrate that even after considering plausible downside scenarios the Group will generate both cash and profits in the forecast period and has significant liquidity headroom within its ABL facility to meet its obligations as they fall due and continue to trade for a period of at least 12 months from the signing of these

1 Accounting policies (continued)

financial statements and hence continue to adopt the going concern basis on the group and for these company financial statements.

1.2 Basic financial instruments

Trade and other debtors/creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at an estimate of the market rate for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest rates method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

1.3 Turnover

Turnover represents amounts invoiced to tenants for rent of properties excluding value added tax.

1.4 Expenses

Interest payable and Interest receivable

Interest payable and similar expenses include interest payable, finance expenses on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest rate method and unwinding of the discount on provisions.

Other interest receivable and similar income includes interest receivable on funds invested.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest rate method.

1.5 Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are recognised initially at cost.

Subsequent to initial recognition

- i. investment properties whose fair value can be measured reliably without undue cost or effort are held at fair value. Any gains or losses arising from changes in the fair value are recognised in profit or loss in the period that they arise; and
- ii. no depreciation is provided in respect of investment properties applying the fair value model.

1.6 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost

Notes (continued)

1 Accounting policies (continued)

of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

2 Turnover

Turnover represents amounts invoiced to tenants for rent of properties excluding value added tax.

3 Interest payable

| | 2020 | 2019 |
|-----------------------------|-------|-------|
| | £000 | £000 |
| Group Loan interest payable | (613) | (597) |

4 Expenses and auditor's remuneration

| | 2020 | 2019 |
|---------------------------------------|------|------|
| | £000 | £000 |
| Depreciation of tangible fixed assets | 695 | 606 |
| Impairment of investment properties | 200 | 453 |
| Audit of these financial statements | 6 | 6 |

The company has no employees. The directors received no remuneration for services to the company.

Notes (continued)

5 Tax on profit on ordinary activities

Analysis of charge in year

| | 2020 £000 | 2019 £000 |
|--|--------------|--------------|
| <i>UK corporation tax</i> | | |
| - current tax on income for the year | - | 498 |
| - current tax on income for the year – group relief | 466 | - |
| - adjustments in respect of prior periods | (498) | - |
| - adjustments in respect of prior periods – group relief | 498 | 64 |
| | <hr/> | <hr/> |
| Total current tax | 466 | 562 |
| <i>Deferred tax (see note 10)</i> | | |
| Origination and reversal of timing differences | 10 | 16 |
| Under provided in prior years | (5) | 7 |
| Effect of tax rate change on opening balance | 6 | - |
| | <hr/> | <hr/> |
| Total deferred tax | 11 | 23 |
| | <hr/> | <hr/> |
| Total tax charge | 477 | 585 |
| | <hr/> | <hr/> |

Reconciliation of effective tax rate

| | 2020 £000 | 2019 £000 |
|--|--------------|--------------|
| Profit on ordinary activities before tax | 2,630 | 1,552 |
| | <hr/> | <hr/> |
| Current tax at 19% (2019:19%) | 500 | 295 |
| <i>Effects of:</i> | | |
| Fixed asset differences | 131 | - |
| Expenses not deductible for tax purposes | 17 | 219 |
| Non-Taxable Revaluation on Sale of Fixed Assets | (210) | - |
| Other timing differences | 38 | - |
| Adjustments to tax charge in respect of previous periods | (5) | 71 |
| Adjust opening deferred tax to average rate of 19% | 6 | - |
| | <hr/> | <hr/> |
| Total tax charge | 477 | 585 |
| | <hr/> | <hr/> |

Factors affecting the future current and total tax charges

A UK corporation rate of 19% (effective from 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. This will increase the company's future current tax charge accordingly. The deferred tax liability has been calculated at 19% (2019: 17%).

Notes (continued)

6 Tangible fixed assets

| | Freehold land and buildings – short leasehold £000 |
|----------------------------------|--|
| Cost | |
| Balance at 1 April 2019 | 36,681 |
| Additions | 13,181 |
| Disposals | - |
| | <hr/> |
| Balance at 31 March 2020 | 49,862 |
| | <hr/> |
| Depreciation | |
| Balance at 1 April 2019 | 2,104 |
| Depreciation charge for the year | 695 |
| | <hr/> |
| Balance at 31 March 2020 | 2,799 |
| | <hr/> |
| Net book value | |
| At 1 April 2019 | 34,577 |
| | <hr/> |
| At 31 March 2020 | 47,063 |
| | <hr/> |

7 Investment property

| | £000 |
|--------------------------|---------|
| Balance at 1 April 2019 | 5,235 |
| Additions | 303 |
| Revaluation on sale | 1,102 |
| Disposals | (4,576) |
| Impairment | (200) |
| | <hr/> |
| Balance at 31 March 2020 | 1,864 |
| | <hr/> |

The investment property in the year was valued by Savills.

The gain arising from a change in fair value is recognised in profit or loss. Rental income from investment property is accounted for as described in the turnover accounting policy.

On 31st March 2020, The Company transferred investment property with market value of £4,576,000 to parent company GAP Holdings Ltd, by way of dividend in specie.

8 Debtors

| | 2020 £000 | 2019 £000 |
|---------------|--------------|--------------|
| Trade Debtors | 21 | 24 |
| Other Debtors | 35 | 24 |
| | <hr/> | <hr/> |
| | 56 | 48 |
| | <hr/> | <hr/> |

Notes (continued)

9 Creditors: amounts falling due within one year

| | 2020 £000 | 2019 £000 |
|--------------------------------|---------------|---------------|
| Amounts due to group companies | 40,486 | 29,060 |
| Accruals and deferred income | 210 | 68 |
| | <u>40,696</u> | <u>29,128</u> |

Interest is charged at 2.1% on the inter group balance and there is no fixed repayment arrangement.

10 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

| | Assets | | Liabilities | | Net | |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2020 £000 | 2019 £000 | 2020 £000 | 2019 £000 | 2020 £000 | 2019 £000 |
| Accelerated capital allowances | - | - | (66) | (55) | (66) | (55) |
| Capital gains/(losses) | 1 | 1 | - | - | 1 | 1 |
| | <u>1</u> | <u>1</u> | <u>(66)</u> | <u>(55)</u> | <u>(65)</u> | <u>(54)</u> |
| Tax assets/(liabilities) | 1 | 1 | (66) | (55) | (65) | (54) |
| Tax assets offset | (1) | (1) | 1 | 1 | - | - |
| | <u>-</u> | <u>-</u> | <u>(65)</u> | <u>(54)</u> | <u>(65)</u> | <u>(54)</u> |
| Net tax liabilities | - | - | (65) | (54) | (65) | (54) |

| | Current tax £000 | 2020 Deferred tax £000 | Total tax £000 | Current tax £000 | 2019 Deferred tax £000 | Total tax £000 |
|---------------------------------------|---------------------|------------------------------|-------------------|---------------------|------------------------------|-------------------|
| Recognised in Profit and Loss account | 466 | 11 | 477 | 562 | 23 | 585 |

11 Share capital

| | 2020 £ | 2019 £ |
|---|-----------|-----------|
| <i>Allotted, called up and fully paid</i> | | |
| 2 Ordinary shares of £1 each | 2 | 2 |

12 Related parties

Related parties comprise wholly owned Group companies. Transactions with related parties were carried out at arms-length agreed terms, conditions and prices. The company has taken advantage of the exemption within FRS 102 Section 33 paragraph 33.1A from the requirements to disclose transactions with other wholly owned companies in the same group.

Notes *(continued)*

13 Ultimate holding company

The company's immediate and ultimate holding company is GAP Holdings Limited which is incorporated in Great Britain and registered in Scotland.

The largest and only group in which the results of the company are consolidated is that headed by GAP Holdings Limited. The consolidated accounts of GAP Holdings Limited are available to the public and may be obtained at Companies House, 4th Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF.