

Fairfax Plant Hire Limited

Registered number: 01953454

Annual report and financial statements

For the year ended 30 September 2020



FAIRFAX PLANT HIRE LIMITED

COMPANY INFORMATION

Directors

K Love
M A Love
M J Love
C Love

Registered number

01953454

Registered office

The Old Brickworks, Hull Road
Hemingbrough
Selby
North Yorkshire
YO8 6QG

Independent auditor

Mazars LLP
Chartered Accountants & Statutory Auditor
5th Floor
3 Wellington Place
Leeds
LS1 4AP

FAIRFAX PLANT HIRE LIMITED

CONTENTS

	Page
Strategic Report	1 - 2
Directors' Report	3 - 4
Independent Auditor's Report	5 - 7
Statement of Comprehensive Income	8
Statement of Financial Position	9
Statement of Changes in Equity	10
Notes to the Financial Statements	11 - 27

FAIRFAX PLANT HIRE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2020

Introduction

The directors present their strategic report for the year ended 30 September 2020. The principal activity of the Company is that of a plant hire company.

Business review

The directors are pleased with the Company's performance for the year. Whilst this generated a small decrease in turnover on prior year, this remained minimal during a challenging year with the global pandemic from the outbreak of COVID-19. The Company continued to invest in hire equipment for which there was continued strong demand in the year once lockdown measures from the government were lifted.

Key Performance Indicators

The directors consider the key performance indicators of the business to be Turnover and Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA).

Turnover for the year was £14.8m (2019: 15.3m). This represents a small decrease of £0.6m (4%) due to the early part of the year being adversely affected by the global pandemic. Continued investment in the Company's hire fleet and customer demand becoming more stable towards the end of the year minimised the impact of the pandemic on business operations.

EBITDA for the year was £7.2m (2019: £7.9m). This represents a decrease of £0.7m (9%). This has largely been impacted by the global pandemic. The Company reacted quickly to the pandemic, reducing expenditure and minimising the impact on current year performance.

Financial position

The Company has generated profit after tax in the year of £0.6m and declared dividends totalling £0.2m. As such the net assets of the Company have increased to £11.7m (2019: £11.3m).

The Company has fixed assets with a book value of £36.2m (2019: £34.8m) at the year end and associated hire purchase liabilities totalling £29.8m (2019: £21.1m) which equates to 82% (2019: 61%) of the book value.

Although the Company shows net current liabilities £13.6m (2019: £8.5m) this reflects the fact that its revenue generating assets are shown as fixed assets within the Statement of Financial Position.

Principal risks and uncertainties

Market risk – the principal risk to the Company is a significant downturn in the economy which could substantially reduce the demand for hiring the Company's plant. The Company mitigates this risk by working with a large number of customers who operate in varying sectors.

Liquidity risk – the Company purchases its assets using asset finance and has a facility in place to provide its working capital. This helps the Company to maintain liquidity to ensure sufficient funds are available for its ongoing operations.

FAIRFAX PLANT HIRE LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

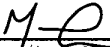
COVID-19 Coronavirus

During the year there has been a global pandemic from the outbreak of COVID-19. The main risk of COVID-19 UK was loss of revenue and loss of customers impacted by the pandemic. The Company responded quickly to the situation and trade has subsequently increased as lockdown restrictions were lifted.

In common with many businesses in the UK the directors have taken appropriate action to manage the Company's cost base utilising government backed initiatives.

Uncertainties relating to the COVID-19 pandemic still exist, however the directors believe the Company is well placed to manage the business risks associated with COVID-19.

This report was approved by the board on Jun 24, 2021 and signed on its behalf.


Mark Love (Jun 24, 2021 10:57 GMT+1)

M A Love
Director

FAIRFAX PLANT HIRE LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

The directors present their report and the financial statements for the year ended 30 September 2020.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, 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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the year, after taxation, amounted to £569,119 (2019 - £2,074,313).

Directors

The directors who served during the year were:

K Love
M A Love
M J Love
C Love

Future developments

In the current economic climate the Directors will continue to monitor business risks and take mitigating action where necessary. Capital expenditure will be monitored closely. The Directors will continue to work closely with suppliers and customers to ensure best quality service is maintained.

FAIRFAX PLANT HIRE LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

Going concern

The directors have performed a robust forecasting exercise taking into account the probable and possible business impacts associated with the COVID-19 Coronavirus pandemic. The period of assessment covers a period of at least 12 months from the date of the audit report. The Company has worked closely with the bank and other providers of finance to ensure the sufficient working capital facilities are in place over this period. As such the directors are satisfied that the Company remains a going concern and the financial statements have been prepared on the going concern basis.

Matters covered in the strategic report

Certain information is not shown in the Director's Report because it is shown in the Strategic Report on page 1 of the financial statements in accordance with the provisions of Section 414C(11) of the Companies Act 2006. The Strategic Report includes a business review, principal risks and uncertainties and information on the Company's key performance indicators.

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 the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the 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.

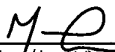
Post balance sheet events

Post year-end dividends of £169,000 were declared to shareholders.

Auditor

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on Jun 24, 2021 and signed on its behalf.


Mark Love (Jun 24, 2021 10:57 GMT+1)

M A Love
Director

FAIRFAX PLANT HIRE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FAIRFAX PLANT HIRE LIMITED

Opinion

We have audited the financial statements of Fairfax Plant Hire Limited (the 'Company') for the year ended 30 September 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

FAIRFAX PLANT HIRE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FAIRFAX PLANT HIRE LIMITED

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.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

FAIRFAX PLANT HIRE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FAIRFAX PLANT HIRE LIMITED

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 3, 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 intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of the audit report

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


David Smithson for Mazars LLP (Jun 25, 2021 12:00 GMT+1)

David Smithson (Senior statutory auditor)

for and on behalf of

Mazars LLP
Chartered Accountants and Statutory Auditor
5th Floor
3 Wellington Place
Leeds
LS1 4AP

Date: Jun 25, 2021

FAIRFAX PLANT HIRE LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

	Note	2020 £	2019 £
Turnover	4	14,701,213	15,349,991
Cost of sales		(8,478,197)	(8,268,752)
Gross profit		6,223,016	7,081,239
Administrative expenses		(4,402,435)	(3,582,156)
Other operating income	5	218,830	-
Operating profit	6	2,039,411	3,499,083
Interest payable and expenses	10	(1,071,105)	(872,128)
Profit before tax		968,306	2,626,955
Tax on profit	11	(399,187)	(552,642)
Profit for the financial year		569,119	2,074,313

There were no recognised gains and losses for 2020 or 2019 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2020 (2019:£NIL).

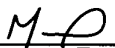
The notes on pages 11 to 27 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	13	-	-
Tangible assets	14	36,190,978	34,826,806
		<u>36,190,978</u>	<u>34,826,806</u>
Current assets			
Stocks	15	256,600	439,666
Debtors: amounts falling due within one year	16	3,684,755	3,862,121
Cash at bank and in hand	17	408,759	76,173
		<u>4,350,114</u>	<u>4,377,960</u>
Creditors: amounts falling due within one year	18	(13,578,668)	(12,871,446)
Net current liabilities		<u>(9,228,554)</u>	<u>(8,493,486)</u>
Total assets less current liabilities		<u>26,962,424</u>	<u>26,333,320</u>
Creditors: amounts falling due after more than one year	19	(13,250,731)	(13,396,689)
Provisions for liabilities			
Deferred tax	21	(2,047,540)	(1,632,597)
Net assets		<u><u>11,664,153</u></u>	<u><u>11,304,034</u></u>
Capital and reserves			
Called up share capital	22	2	2
Profit and loss account	23	11,664,151	11,304,032
		<u><u>11,664,153</u></u>	<u><u>11,304,034</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

Jun 24, 2021


Mark Love (Jun 24, 2021 10:57 GMT+1)

M A Love
Director

The notes on pages 11 to 27 form part of these financial statements.

FAIRFAX PLANT HIRE LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

	Called up share capital	Profit and loss account as restated	Total equity
	£	£	£
At 1 October 2018	2	9,391,719	9,391,721
Comprehensive income for the year			
Profit for the period (as restated)	-	2,074,313	2,074,313
Total comprehensive income for the year	-	2,074,313	2,074,313
Dividends: Equity capital	-	(162,000)	(162,000)
Total transactions with owners	-	(162,000)	(162,000)
At 1 October 2019	2	11,304,032	11,304,034
Comprehensive income for the year			
Profit for the year	-	569,119	569,119
Total comprehensive income for the year	-	569,119	569,119
Dividends: Equity capital	-	(209,000)	(209,000)
Total transactions with owners	-	(209,000)	(209,000)
At 30 September 2020	2	11,664,151	11,664,153

The notes on pages 11 to 27 form part of these financial statements.

FAIRFAX PLANT HIRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

1. General information

Fairfax Plant Hire Limited (the 'Company') is a private company, limited by shares and registered in England and Wales, registered number 01953454. The registered address is The Old Brickworks, Hull Road, Hemingbrough, Selby, YO8 6QG. The principal activity is that of plant and machinery hire.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 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 Company has adopted the triennial review of FRS 102 effective for periods commencing on or after 1 January 2019. Information in respect of the differences from the previous accounting framework are detailed within note 28.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of K and C Love Limited as at 30 September 2020 and these financial statements may be obtained from the Company's registered office.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

2. Accounting policies (continued)

2.3 Going concern

The Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly the going concern basis of accounting continues to be appropriate in preparing the financial statements. The directors have considered a period in excess of twelve months from the date of approval of these financial statements in making their assessment.

The directors have performed a robust forecasting exercise taking into account the probable and possible business impacts associated with the COVID-19 Coronavirus pandemic. The period of assessment covers a period of at least 12 months from the date of the audit report. The Company has worked closely with the bank and other providers of finance to ensure the sufficient working capital facilities are in place over this period. As such the directors are satisfied that the Company remains a going concern and the financial statements have been prepared on the going concern basis.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

2. Accounting policies (continued)

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.6 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

2.7 Finance costs

Finance costs are charged to profit or loss 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 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.9 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 payment obligations.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

2. Accounting policies (continued)

2.10 Current and deferred taxation

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

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

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

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

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

2.11 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.12 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

2. Accounting policies (continued)

2.12 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold land	- Not depreciated
Leasehold Property improvements	- 5%
Plant & machinery	- 10%
Motor vehicles	- 25%
Fixtures & fittings	- 10%

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 in profit or loss.

2.13 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

2.14 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.

2.15 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.16 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.17 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of Financial Position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of Financial Position date.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

2. Accounting policies (continued)

2.18 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 profit or loss 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.

2.19 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

FAIRFAX PLANT HIRE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

2. Accounting policies (continued)**2.20 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

3. Judgments in applying accounting policies and key sources of estimation uncertainty**Critical judgements in applying the Company's accounting policies**

The critical judgements that management have made in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below.

Assessing indicators of impairment

In assessing whether there have been any indicators of impairment to assets, management have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability and where applicable, the ability of the asset to be operated as planned.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty surrounding the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Determining residual values and useful economic lives of tangible assets

The Company depreciates tangible assets, over their estimated useful lives. The estimation of the useful lives of tangible assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes.

Judgement is also applied, when determining the residual values for fixed assets. When determining the residual value, the directors have assessed the amount that the Company would currently obtain for the disposal of the asset, if it were already of the condition expected at the end of its useful life. Where possible this is done with reference to external market prices.

4. Turnover

Analysis of turnover by country of destination:

	2020	2019
	£	£
United Kingdom	14,701,213	15,349,991

The entire turnover related to the Company's principal activity.

FAIRFAX PLANT HIRE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

5. Other operating income

	2020	2019
	£	£
Government grants receivable	218,830	-
	<u>218,830</u>	<u>-</u>

6. Operating profit

The operating profit is stated after charging:

	2020	2019
	£	£
Depreciation charge	5,096,870	4,389,668
Operating lease rentals	201,961	291,365
Profit on disposal of fixed assets	83,595	(308,219)
	<u>5,382,426</u>	<u>4,372,814</u>

7. Auditor's remuneration

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

8. Employees

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

	2020	2019
	£	£
Wages and salaries	2,451,180	2,510,418
Social security costs	248,471	230,810
Cost of defined contribution scheme	49,335	42,386
	<u>2,748,986</u>	<u>2,783,614</u>

The average monthly number of employees, including directors, during the year was 87 (2019 - 87).

FAIRFAX PLANT HIRE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

9. Directors' remuneration

	2020	2019
	£	£
Directors' emoluments	120,198	209,668
Company contributions to defined contribution pension schemes	2,121	1,882
	<u>122,319</u>	<u>211,550</u>

During the year retirement benefits were accruing to 2 directors (2019 - 2) in respect of defined contribution pension schemes.

10. Interest payable and similar expenses

	2020	2019
	£	£
Bank interest payable	9,236	15,062
Finance leases and hire purchase contracts	1,061,869	857,066
	<u>1,071,105</u>	<u>872,128</u>

11. Taxation

	2020	2019
	£	£
Corporation tax		
Current tax on profits for the year	-	127,975
Adjustments in respect of previous periods	(15,756)	14,716
Total current tax	<u>(15,756)</u>	<u>142,691</u>
Deferred tax		
Origination and reversal of timing differences	222,873	409,951
Effect of tax rate change on opening balance	192,070	-
Total deferred tax	<u>414,943</u>	<u>409,951</u>
Taxation on profit on ordinary activities	<u>399,187</u>	<u>552,642</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	968,306	2,626,955
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	183,977	561,354
Effects of:		
Expenses not deductible for tax purposes	3,157	10,139
Fixed asset differences	26,689	950
Remeasurement of deferred tax for changes in tax rates	191,878	-
Adjustment due to change in deferred tax rate	-	(34,517)
Adjustment with respect to prior periods	(15,756)	14,716
Deferred tax not recognised	(1,630)	-
Other differences leading to an increase (decrease) in the tax charge	12,080	-
Group relief	(1,208)	-
Total tax charge for the year	399,187	552,642

Factors that may affect future tax charges

The UK Government announced in the 2021 Budget that from 1 April 2023, the rate of corporation tax in the United Kingdom will increase from 19% to 25%. Companies with profits of £50,000 or less will continue to be taxed at 19%, which is a new small profits rate. Where taxable profits are between £50,000 and £250,000, the higher 25% rate will apply but with a marginal relief applying as profits increase.

12. Dividends

	2020 £	2019 £
Dividends paid on ordinary share capital	209,000	162,000

FAIRFAX PLANT HIRE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

13. Intangible assets

	Goodwill £
Cost	
At 1 October 2019	55,000
	<hr/>
At 30 September 2020	55,000
	<hr/>
Amortisation	
At 1 October 2019	55,000
	<hr/>
At 30 September 2020	55,000
	<hr/>
Net book value	
At 30 September 2020	-
	<hr/> <hr/>
At 30 September 2019	-
	<hr/> <hr/>

FAIRFAX PLANT HIRE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

14. Tangible fixed assets

	Freehold land £	Leasehold Property improvements £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Total £
Cost						
At 1 October 2019	492,040	59,361	45,927,795	353,975	360,471	47,193,642
Additions	-	-	7,018,012	466,926	15,739	7,500,677
Disposals	-	-	(2,557,787)	-	-	(2,557,787)
At 30 September 2020	<u>492,040</u>	<u>59,361</u>	<u>50,388,020</u>	<u>820,901</u>	<u>376,210</u>	<u>52,136,532</u>
Depreciation						
At 1 October 2019	-	38,288	12,192,650	46,402	89,496	12,366,836
Charge for the year on owned assets	-	2,968	1,335,202	168,997	35,406	1,542,573
Charge for the year on financed assets	-	-	3,554,297	-	-	3,554,297
Disposals	-	-	(1,518,152)	-	-	(1,518,152)
At 30 September 2020	<u>-</u>	<u>41,256</u>	<u>15,563,997</u>	<u>215,399</u>	<u>124,902</u>	<u>15,945,554</u>
Net book value						
At 30 September 2020	<u>492,040</u>	<u>18,105</u>	<u>34,824,023</u>	<u>605,502</u>	<u>251,308</u>	<u>36,190,978</u>
At 30 September 2019	<u>492,040</u>	<u>21,073</u>	<u>33,735,145</u>	<u>307,573</u>	<u>270,975</u>	<u>34,826,806</u>

FAIRFAX PLANT HIRE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

14. Tangible fixed assets (continued)

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

	2020 £	2019 £
Plant and machinery	29,759,194	29,719,823
	<u>29,759,194</u>	<u>29,719,823</u>

The depreciation charge in the year on assets under hire purchase agreements totalled £3,554,297 (2019: £3,100,000).

15. Stocks

	2020 £	2019 £
Finished goods and goods for resale	<u>256,600</u>	<u>439,666</u>

16. Debtors

	2020 £	2019 £
Trade debtors	3,514,945	3,645,684
Amounts owed by group undertakings	55,926	-
Other debtors	1,059	52,177
Prepayments and accrued income	97,214	122,105
Tax recoverable	15,611	42,155
	<u>3,684,755</u>	<u>3,862,121</u>

17. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	408,759	76,173
Less: bank overdrafts	-	(614,271)
	<u>408,759</u>	<u>(538,098)</u>

FAIRFAX PLANT HIRE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

18. Creditors: Amounts falling due within one year

	2020 £	2019 £
Bank overdrafts	-	614,271
Trade creditors	665,404	772,412
Amounts owed to group undertakings	3,507,995	3,545,393
Corporation tax	-	131,933
Other taxation and social security	195,750	53,665
Obligations under finance lease and hire purchase contracts	9,108,918	7,694,967
Other creditors	16,334	10,221
Accruals and deferred income	84,267	48,584
	<u>13,578,668</u>	<u>12,871,446</u>

Hire purchase liabilities are secured upon the assets to which they relate. Hire purchase liabilities are also secured by a debenture creating a fixed and floating charge over the assets of the Company and a first legal charge over the Company's freehold land.

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

	2020 £	2019 £
Net obligations under finance leases and hire purchase contracts	13,250,731	13,396,689
	<u>13,250,731</u>	<u>13,396,689</u>

20. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2020 £	2019 £
Within one year	9,108,918	7,694,967
Between 1-5 years	13,250,731	13,396,689
	<u>22,359,649</u>	<u>21,091,656</u>

FAIRFAX PLANT HIRE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

21. Deferred taxation

	2020 £	2019 £
At beginning of year	(1,632,597)	(1,222,646)
Charged to profit or loss	(414,943)	(409,951)
At end of year	<u>(2,047,540)</u>	<u>(1,632,597)</u>

The provision for deferred taxation is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	(2,048,846)	(1,632,597)
Short term timing differences	1,306	-
	<u>(2,047,540)</u>	<u>(1,632,597)</u>

The deferred tax provision has arisen primarily due to the accelerated capital allowances on fixed assets acquired by the Company. As such the net reversal of deferred tax expected to occur in future periods will be in line with the estimated useful life of the fixed assets.

22. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
200 (2019 - 200) Ordinary shares of £0.01 each	<u>2</u>	<u>2</u>

23. Reserves**Profit & loss account**

This reserve represents cumulative profits and losses less dividends declared.

24. Pension commitments

The Company operates a defined contribution pension plan for its employees. The pension cost charged in the period represents contributions payable by the Company to the funds and amounted to £49,335 (2019: £42,386). Contributions amounting to £10,977 (2019: £10,221) were outstanding at the reporting date and are included within creditors.

FAIRFAX PLANT HIRE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

25. Commitments under operating leases

At 30 September 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020 £	2019 £
Other assets		
Not later than 1 year	-	25,950
	<u>-</u>	<u>25,950</u>
	<u><u>-</u></u>	<u><u>25,950</u></u>
	2020 £	2019 £
Property		
Not later than 1 year	110,231	110,231
Later than 1 year and not later than 5 years	155,184	155,184
	<u>265,415</u>	<u>265,415</u>
	<u><u>265,415</u></u>	<u><u>265,415</u></u>

The lease cost charged to the Statement of Comprehensive Income during the period was £201,961 (2019: £282,362).

26. Related party transactions

The Company has taken advantage of the exemption available under FRS 102 section 33 'Related Party Disclosures' not to disclose related party transactions entered into between wholly owned members of the group headed by K and C Love Limited.

During the year the repayments and advances were made totalling £44,451 (2019: £63,861) on the Directors loan account.

Balances due from/(owed to) related parties at the reporting date were as follows:

	2020 £	2019 £
Directors	(5,357)	39,094
	<u>(5,357)</u>	<u>39,094</u>

27. Post balance sheet events

Post year end dividends of £169,000 (2019: £158,000) were declared to shareholders.

FAIRFAX PLANT HIRE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

28. Controlling party

The Company is a wholly owned subsidiary of K and C Love Limited. The Ultimate Controlling parties of K and C Love Limited are Mr K & Mrs C Love.

The smallest and largest group in which the results for Fairfax Plant Hire Limited are consolidated for the current financial period is that headed by K and C Love Limited.

29. Adoption of the triennial review of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to the triennial review of FRS 102 and have not impacted on equity or profit or loss.