

Welfare Hire Nationwide Limited

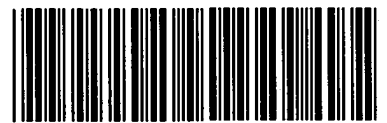
Annual Report and Financial Statements

Year Ended

30 September 2022

Company Number 07992228

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Welfare Hire Nationwide Limited

Company Information

Directors	J B Wood S Moore M Jowett C Brown
Registered number	07992228
Registered office	Unit F Trident Park Rosie Road Normanton England WF6 1ZB
Independent auditor	BDO LLP Central Square 29 Wellington Street Leeds LS1 4DL

Welfare Hire Nationwide Limited

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Welfare Hire Nationwide Limited

Strategic Report For the Year Ended 30 September 2022

The Directors present their Strategic Report together with the audited financial statements for the year ended 30 September 2022.

Welfare Hire Nationwide Limited ("WHN" or the "Company") is an operating company in the group headed by Kelling Group Limited ("Kelling" or the "Group") and whose ultimate holding company is Skye Topco Limited.

Business review

WHN is a specialist rental business focusing on the supply of high quality, energy efficient mobile welfare facilities and lighting towers, along with premium levels of customer service. The business has differentiated itself from the competition and gained considerable market share in its chosen markets.

Principal risks and uncertainties

The Business mitigates exposure to cyclical markets by targeting longer term hire business in robust, stable infrastructure sectors and taking a longer term strategic view on investment and capital expenditure plans. It maintains its fleets in excellent condition and carefully manages fleet age profiles, meanwhile focusing on new efficient technologies and products. Furthermore, as a niche provider focusing on a specialised product range, it is able to adapt swiftly to changes in market conditions and control potential trading risks and uncertainties.

The Directors recognise that a solid capital base, robust and healthy margins, returns on capital and cash generation are essential to our business and the Board takes a prudent, diligent, and responsible approach to optimise these key areas.

To date, the Business has not experienced any material adverse trading impact relating to the Covid 19 pandemic, nor is any such impact anticipated by the Board in the future. Our core infrastructure customers were able to continue operating largely unaffected. Whilst the pandemic led to disruption in UK and wider global supply chains, including those used by the Group, our highly proactive and successful procurement strategy throughout the pandemic meant that our businesses continued to deliver significant growth in growing markets, take market share and grow headcount, without the need to call upon the various elements of government support made available.

To date, the Group has not experienced any material adverse trading impact relating to Brexit, nor is any such impact anticipated by the Board in the future.

To maintain and grow its fleet of market leading assets, the business relies on its manufacturing and supply chain partners to supply new units at the desired volumes and agreed economic prices. There has been a recent and well publicised global supply chain tightening and associated cost inflation in relevant markets such as automotive and steel supply, however due to its continued significant and proactive investment throughout the cycle, in particular the recent Covid 19 related lockdowns, the business secured sufficient manufacturing capacity to meet its near-term growth and profitability aspirations. Agreeing long term volume and pricing commitments with key supply chain partners enables the business to successfully navigate short term / temporary supply chain disruption and to strategically manage the returns from its fleet. Further, maintaining a 'young' and energy efficient fleet provides the business with downside protection in the event of prolonged market supply chain disruption. Inevitably, we have had to balance the recent inflationary pressures with an element of increased pricing across most product categories. We have done this by taking a fair and long-term approach with our customers and seeking to offset our 'share' of the inflationary impact by driving further operational efficiencies across the business.

Welfare Hire Nationwide Limited

Strategic Report (continued) For the Year Ended 30 September 2022

Competition

The business continues to invest in ensuring that it maintains a market leading fleet. It works closely with and supports its clients' operations through a partnership approach, focusing on well known markets. The business is proactively promoted to ensure it remains ahead of the competition in product quality, service and commercial awareness. The Directors are fully in tune with market conditions pursuing growth and new opportunities, whilst remaining agile to any changing market conditions.

The strategy of investing in a focused range of market leading products, combined with astute commercial management and a clear sales and marketing strategy allows the business to succeed in growing share in its chosen markets where many competitors are 'generalist' providers.

Liquidity

The Directors take a prudent approach to debt and carefully manage cash flow and working capital requirements to ensure the business continues to gain financial strength and improve its liquidity position. There are stringent policies on trade debtor management and careful monitoring of exposure, protecting the business from potential bad debt.

Interest rate risk

The Group funds its fleet investment through a combination of cash generation and use of its asset-based lending ("ABL") facility. The interest margin on the ABL facility is fixed at a percentage rate over a variable reference rate, providing a large degree of certainty over funding cost. The Directors closely monitor the interest rate environment with a view to mitigating any adverse movements in the reference rate through a combination of measures, from product pricing through to interest rate hedging. The reference rate applicable to the ABL has been relatively stable at a low level for several years, largely mirroring the benign global base rate environment. From the start of 2022, the UK saw a significant and sustained increase in the base rate, exacerbated further by the UK government's "Growth Plan" announced in September 2022 (widely referred to as the "mini-budget"). Whilst volatility in the UK interest rate environment has since stabilised, the base rate remains on an upwards trajectory and the Board therefore chose to execute an interest rate cap after the Group's financial year end, designed to cap approximately 50% of the Group's expected drawings under the ABL facility over its remaining term. Through a combination of this product, and a well-managed pricing strategy, the Directors believe the Group is well-protected against any further adverse movement in interest rates.

Operational KPIs and Financial Reporting

The Board is issued with operating KPIs on a weekly basis, ensuring it is fully in tune with current trading conditions.


The Board is presented with a financial forecast prior to the commencement of the trading year. The content of the forecast is based upon a series of management assumptions and practical interpretations. Consolidated Management Accounts form part of a group reporting pack produced at the end of each trading month. These are supported by Management Accounts for Access Hire Nationwide Limited and include Profit and Loss Account, Balance Sheet, Cash Flow and a full breadth of supporting information including operational and financial KPIs.

A summary report is produced by the Group's CEO and CFO and presented to the Board with each monthly information pack.

This report was approved by the board on

17/1/23

and signed on its behalf.


M Jowett
Director

Welfare Hire Nationwide Limited

Directors' Report For the Year Ended 30 September 2022

The Directors present their report and the audited financial statements for the year ended 30 September 2022.

Principal activity

The principal activity of the Company is the hire of energy efficient mobile welfare facilities and lighting towers to infrastructure and associated markets.

Results and dividends

The profit for the year, after taxation, amounted to £4,371,158 (2021 - £5,026,815).

Interim dividends of £Nil (2021 - £Nil) were paid to ordinary shareholders in the year.

The Directors do not recommend the payment of a final dividend (2021 - £Nil).

Directors

The Directors who served during the year were:

J B Wood
S Moore
M Jowett (appointed 23 March 2022)
C Brown
D Cooper (resigned 17 October 2022)

Going concern

The Company, and the Group of which it is a part, has considerable financial resources and a broad customer base across robust end markets. Therefore, the Directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook, high and potentially persistent rates of inflation and challenging supply chain conditions.

The Directors have considered the adoption of the going concern basis in preparing the financial statements given the current economic climate and have formed the conclusion that there are no material uncertainties with respect to the Group's ability to continue as a going concern for the foreseeable future. In forming this view, the Directors have considered: the Group financial position, budget and trading forecasts (including stress-testing these forecasts based on the principal risks facing the group); and the committed debt facilities available to the Group together with forecast headroom against those borrowing facilities (including against covenants) and including the impact of reasonable sensitivities.

Due to the nature of the Group's business model, which mainly relates to the long-term hire and leasing of specialist equipment to customers supporting the UK's investment in infrastructure, the degree of visibility over our future earnings is high. As a result, we believe our success during the Covid-19 pandemic is a direct result of our robust strategy to specialise in high-quality core products and markets. We further believe that the Group is well positioned to navigate any further periods of disruption caused by the Covid-19 pandemic, the current macroeconomic environment and the challenges posed by current supply chain constraints.

On this basis, the Directors have a reasonable expectation that the Group has adequate resources to continue to operate for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the annual financial statements.

Future developments

The Directors continue to invest to ensure ongoing growth with a focus on the business continuing the supply of high quality, energy efficient mobile welfare and lighting products, along with a strong focus on customer service.

Welfare Hire Nationwide Limited

Directors' Report (continued) For the Year Ended 30 September 2022

Qualifying third party indemnity provisions

The Company has maintained throughout the year Directors' and officers' liability insurance for the benefit of the Company, the Directors and its officers. The Company has entered into qualifying third party indemnity arrangements for the benefit of all its Directors in a form and scope which comply with the requirements of the Companies Act 2006 and which were in force throughout the year and remain in force.

Matters covered in the Strategic Report

Disclosures required under S416(4) of the Companies Act 2006 are commented upon in the Strategic report in accordance with S414C(11) as the Director considers them to be of strategic importance to the Company.

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

Events after the reporting period

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

Auditor

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

This report was approved by the board on 17 / 1 / 2023 and signed on its behalf.



M Jowett
Director

Welfare Hire Nationwide Limited

Directors' Responsibilities Statement For the Year Ended 30 September 2022

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 accounting estimates that are reasonable and prudent; 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 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.

Welfare Hire Nationwide Limited

Independent Auditor's report to the members of Welfare Hire Nationwide Limited

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2022 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.

We have audited the financial statements of Welfare Hire Nationwide Limited ("the Company") for the year ended 30 September 2022 which comprise the Statement of Comprehensive Income, Statement of Financial Position, 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 Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We 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.

Conclusions relating to going concern

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

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

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

Welfare Hire Nationwide Limited

Independent Auditor's report to the members of Welfare Hire Nationwide Limited (continued)

Other information

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

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

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

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

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

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

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

Responsibilities of Directors

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

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

Welfare Hire Nationwide Limited

Independent Auditor's report to the members of Welfare Hire Nationwide Limited (continued)

Auditor's responsibilities for the audit of the financial statements

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

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

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

As part of the audit we gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company that were contrary to applicable laws and regulations, including fraud. We considered the Company's compliance with laws and regulations that have a direct impact on the financial statements including, but not limited to, UK company law and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the Company financial statements.

Based on our understanding we designed our audit procedures to identify instances of non compliance with such laws and regulations. Our procedures included reviewing the financial statement disclosures and agreeing to underlying supporting documentation where necessary. We made enquiries of management and of the Directors as to the risks of non compliance and any instances thereof. We also addressed the risk of management override of internal controls, including testing journal entries processed during and subsequent to the year that represented a risk of material misstatement due to fraud. We specifically reviewed manual journal postings to revenue and cash to assess for any evidence of manipulation of account balances. We also assessed management's estimates made in the financial statements for evidence of this bias. In particular we considered the appropriateness of accruals, depreciation & the residual values of assets.

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

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

Welfare Hire Nationwide Limited

Independent Auditor's report to the members of Welfare Hire Nationwide 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.

DocuSigned by:
Mark Langford
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Mark Langford (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Leeds
United Kingdom

18 January 2023

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

Welfare Hire Nationwide Limited

Statement of Comprehensive Income For the Year Ended 30 September 2022

	Note	2022 £	2021 £
Turnover	4	19,689,691	17,504,014
Cost of sales		(9,190,215)	(7,686,598)
Gross profit		10,499,476	9,817,416
Administrative expenses		(3,664,793)	(2,852,438)
Operating profit	5	6,834,683	6,964,978
Interest payable and similar charges	8	(1,538,665)	(847,522)
Profit before tax		5,296,018	6,117,456
Tax on profit	9	(924,860)	(1,090,641)
Profit for the financial year		4,371,158	5,026,815

There was no other comprehensive income for 2022 (2021 - £Nil).

The notes on pages 13 to 25 form part of these financial statements.

Welfare Hire Nationwide Limited
Registered number:07992228

Statement of Financial Position
As at 30 September 2022

	Note	2022 £	2022 £	2021 £	2021 £
Fixed assets					
Tangible assets	10		36,813,867		27,759,923
Current assets					
Stocks	11	256,987		159,983	
Debtors: amounts falling due within one year	12	9,157,074		11,634,901	
Cash at bank and in hand		1,510,982		2,278,165	
		<u>10,925,043</u>		<u>14,073,049</u>	
Creditors: amounts falling due within one year	13	(6,594,012)		(7,028,283)	
Net current assets			<u>4,331,031</u>		<u>7,044,766</u>
Total assets less current liabilities			<u>41,144,898</u>		<u>34,804,689</u>
Capital, reserves and liabilities					
Creditors: amounts falling due after more than one year	14		15,797,697		14,637,503
Provision for liabilities					
Deferred tax	15		3,422,217		2,613,360
Capital and reserves					
Called up share capital	16	95,000		95,000	
Profit and loss account	17	21,829,984		17,458,826	
			<u>21,924,984</u>		<u>17,553,826</u>
Total non-current liabilities and equity			<u>41,144,898</u>		<u>34,804,689</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 17/1/23.



M Jowett
Director

The notes on pages 13 to 25 form part of these financial statements.

Welfare Hire Nationwide Limited

Statement of Changes in Equity For the Year Ended 30 September 2022

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 October 2021	95,000	17,458,826	17,553,826
Comprehensive income for the year			
Profit for the year	-	4,371,158	4,371,158
Total comprehensive income for the year	-	4,371,158	4,371,158
At 30 September 2022	95,000	21,829,984	21,924,984

Statement of Changes in Equity For the Year Ended 30 September 2021

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 October 2020	95,000	12,432,011	12,527,011
Comprehensive income for the year			
Profit for the year	-	5,026,815	5,026,815
Total comprehensive income for the year	-	5,026,815	5,026,815
At 30 September 2021	95,000	17,458,826	17,553,826

The notes on pages 13 to 25 form part of these financial statements.

Welfare Hire Nationwide Limited

Notes to the Financial Statements For the Year Ended 30 September 2022

1. General information

Welfare Hire Nationwide Limited is a private company, limited by shares, incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the Company Information page and the nature of the Company's operations and its principal activities are set out in the Directors' Report.

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 financial statements are prepared in sterling which is the functional currency of the Company and rounded to the nearest £1.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

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 Kelling Group Limited as at 30 September 2022 and these financial statements may be obtained from Unit F, Trident Park, Rosie Road, Normanton, England, WF6 1ZB.

Welfare Hire Nationwide Limited

Notes to the Financial Statements For the Year Ended 30 September 2022

2. Accounting policies (continued)

2.3 Going concern

The Company, and the Group of which it is a part, has considerable financial resources and a broad customer base across robust end markets. Therefore, the Directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook, high and potentially persistent rates of inflation and challenging supply chain conditions.

The Directors have considered the adoption of the going concern basis in preparing the financial statements given the current economic climate and have formed the conclusion that there are no material uncertainties with respect to the Group's ability to continue as a going concern for the foreseeable future. In forming this view, the Directors have considered: the Group financial position, budget and trading forecasts (including stress-testing these forecasts based on the principal risks facing the group); and the committed debt facilities available to the Group together with forecast headroom against those borrowing facilities (including against covenants) and including the impact of reasonable sensitivities.

Due to the nature of the Group's business model, which mainly relates to the long-term hire and leasing of specialist equipment to customers supporting the UK's investment in infrastructure, the degree of visibility over our future earnings is high. As a result, we believe our success during the Covid-19 pandemic is a direct result of our robust strategy to specialise in high-quality core products and markets. We further believe that the Group is well positioned to navigate any further periods of disruption caused by the Covid-19 pandemic, the current macroeconomic environment and the challenges posed by current supply chain constraints.

On this basis, the Directors have a reasonable expectation that the Group has adequate resources to continue to operate for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the annual financial statements.

2.4 Turnover

Turnover comprises revenue recognised by the Company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

Hire income is recognised monthly in arrears. Recharges are recognised when the costs which are to be recharged have been incurred.

2.5 Operating leases: lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

2.6 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 other creditors as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

Welfare Hire Nationwide Limited

Notes to the Financial Statements For the Year Ended 30 September 2022

2. Accounting policies (continued)

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 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 reporting 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.

2.9 Tangible fixed assets

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

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

Welfare Hire Nationwide Limited

Notes to the Financial Statements For the Year Ended 30 September 2022

2. Accounting policies (continued)

2.9 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:

Leasehold property	- 10 - 20% per annum
Plant and machinery	- 7 - 50% per annum
Motor vehicles	- 25 - 40% per annum
Computer equipment	- 20 - 33% per annum

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.

2.10 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. Work in progress and finished goods include labour and attributable overheads.

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

2.11 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.

2.12 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.

2.13 Financial instruments

The Company only enters into basic financial instruments 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 and loans to related parties.

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.

Welfare Hire Nationwide Limited

Notes to the Financial Statements For the Year Ended 30 September 2022

2. Accounting policies (continued)

2.13 Financial instruments (continued)

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.

2.14 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.

2.15 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 7 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

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

The key judgements and sources of estimation uncertainty are the useful economic lives and residual values of tangible fixed assets, which have been calculated by the Directors based on their experience of the industry.

4. Turnover

The whole of the turnover is attributable to the principal activity of the Company and arises solely within the United Kingdom.

Welfare Hire Nationwide Limited

Notes to the Financial Statements For the Year Ended 30 September 2022

5. Operating profit

The operating profit is stated after charging/(crediting):

	2022 £	2021 £
Depreciation of tangible fixed assets	3,575,889	2,481,929
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	14,000	9,430
Defined contribution pension cost	109,866	72,140
Gain on disposal of fixed assets	(16,822)	(45,662)
Operating lease rentals	107,875	69,918
	<u>3,575,889</u>	<u>2,481,929</u>

6. Employees

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

	2022 £	2021 £
Wages and salaries	3,655,361	3,007,155
Social security costs	317,098	247,664
Cost of defined contribution scheme	109,867	72,140
	<u>4,082,326</u>	<u>3,326,959</u>

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

	2022 No.	2021 No.
Employees	102	87
	<u>102</u>	<u>87</u>

7. Directors' remuneration

	2022 £	2021 £
Directors' emoluments	90,274	85,605
Company contributions to defined contribution pension schemes	55,239	26,522
	<u>145,513</u>	<u>112,127</u>

During the year retirement benefits were accruing to 1 Director (2021 - 1) in respect of defined contribution pension schemes.

Welfare Hire Nationwide Limited

Notes to the Financial Statements For the Year Ended 30 September 2022

8. Interest payable and similar charges

	2022 £	2021 £
Other loan interest payable	378,471	157,565
Loans from group undertakings	1,160,194	689,957
	<u>1,538,665</u>	<u>847,522</u>

9. Taxation

	2022 £	2021 £
Corporation tax		
Current tax on profits for the year	57,000	57,000
Adjustments in respect of prior periods	59,003	(41,618)
Total current tax	<u>116,003</u>	<u>15,382</u>
Deferred tax		
Origination and reversal of timing differences	588,231	588,498
Adjustments in respect of prior periods	34,869	794
Effect of tax rate change	185,757	485,967
Total deferred tax	<u>808,857</u>	<u>1,075,259</u>
Taxation on profit	<u>924,860</u>	<u>1,090,641</u>

Welfare Hire Nationwide Limited

Notes to the Financial Statements For the Year Ended 30 September 2022

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2021 - lower than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Profit before tax	5,296,018	6,117,456
Profit multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	1,006,243	1,162,317
Effects of:		
Expenses not deductible for tax purposes	4,629	602
Fixed asset differences	(36,387)	600
Group relief claimed	(329,254)	(659,260)
Adjustments to tax charge in respect of prior periods	59,003	(41,618)
Adjustments to tax charge in respect of prior periods - deferred tax	34,869	794
Adjust closing deferred tax to average rate	185,757	627,206
Total tax charge for the year	924,860	1,090,641

Factors that may affect future tax charges

The Finance Act 2021 was substantively enacted in May 2021 and has increased the corporation tax rate from 19% to 25% with effect from 1 April 2023. The deferred taxation balances have been measured using the rates expected to apply in the reporting periods when the timing differences reverse. There are no factors which may affect the Company's future tax charges.

Welfare Hire Nationwide Limited

Notes to the Financial Statements For the Year Ended 30 September 2022

10. Tangible fixed assets

	Long-term leasehold property £	Plant and machinery £	Motor vehicles £	Computer equipment £	Total £
Cost					
At 1 October 2021	67,309	35,108,893	1,256,348	157,565	36,590,115
Additions	162,385	12,910,045	489,109	53,233	13,614,772
Disposals	-	(1,934,427)	(245,638)	(79,155)	(2,259,220)
At 30 September 2022	<u>229,694</u>	<u>46,084,511</u>	<u>1,499,819</u>	<u>131,643</u>	<u>47,945,667</u>
Depreciation					
At 1 October 2021	53,311	8,224,034	446,008	106,839	8,830,192
Charge for the year	6,870	3,216,182	320,710	32,127	3,575,889
Disposals	-	(1,013,640)	(181,488)	(79,153)	(1,274,281)
At 30 September 2022	<u>60,181</u>	<u>10,426,576</u>	<u>585,230</u>	<u>59,813</u>	<u>11,131,800</u>
Net book value					
At 30 September 2022	<u>169,513</u>	<u>35,657,935</u>	<u>914,589</u>	<u>71,830</u>	<u>36,813,867</u>
At 30 September 2021	<u>13,998</u>	<u>26,884,859</u>	<u>810,340</u>	<u>50,726</u>	<u>27,759,923</u>

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

	2022 £	2021 £
Plant and machinery	35,488,583	26,766,115
Motor vehicles	914,589	810,340
	<u>36,403,172</u>	<u>27,576,455</u>

Welfare Hire Nationwide Limited

Notes to the Financial Statements For the Year Ended 30 September 2022

11. Stocks

	2022 £	2021 £
Parts for vehicles and hire fleet and fuel	<u>256,987</u>	<u>159,983</u>

The amount recognised in the Statement of Comprehensive Income for the year in respect of impairment of stock is £Nil (2021 - £Nil).

There is no material difference between the replacement cost of stock and those amounts presented above.

12. Debtors: amounts falling due within one year

	2022 £	2021 £
Trade debtors	3,983,647	3,589,540
Amounts owed by group undertakings	4,867,085	7,878,142
Other debtors	17,304	7,415
Prepayments and accrued income	218,813	159,804
Corporation tax recoverable	70,225	-
	<u>9,157,074</u>	<u>11,634,901</u>

The amounts owed by group undertakings are unsecured, attract no interest and are repayable on demand.

13. Creditors: Amounts falling due within one year

	2022 £	2021 £
Trade creditors	2,235,490	3,425,481
Amounts owed to group undertakings	2,932,814	2,615,124
Corporation tax	-	57,000
Other taxation and social security	834,262	329,537
Other creditors	70,669	-
Accruals and deferred income	520,777	601,141
	<u>6,594,012</u>	<u>7,028,283</u>

The amounts owed to group undertakings are unsecured, attract no interest and are repayable on demand.

Welfare Hire Nationwide Limited

Notes to the Financial Statements For the Year Ended 30 September 2022

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

	2022 £	2021 £
Amounts owed to group undertakings	<u>15,797,697</u>	<u>14,637,503</u>

Interest repayable on intercompany loans is calculated at a rate equal to the blended average at which the lenders group of companies borrow senior debt from its senior lenders.

15. Deferred taxation

	2022 £	2021 £
At beginning of year	2,613,360	1,538,101
Charged to profit or loss	808,857	1,075,259
At end of year	<u>3,422,217</u>	<u>2,613,360</u>

The provision for deferred taxation is made up as follows:

	2022 £	2021 £
Fixed asset timing differences	3,436,221	2,615,754
Short term timing differences	(14,004)	(2,394)
	<u>3,422,217</u>	<u>2,613,360</u>

16. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
95,000 (2021 - 95,000) Ordinary shares of £1.00 each	<u>95,000</u>	<u>95,000</u>

The Ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) rights. They do not confer any rights of redemption.

Welfare Hire Nationwide Limited

Notes to the Financial Statements For the Year Ended 30 September 2022

17. Reserves

The Company's capital and reserves are as follows:

Called up share capital

The called up share capital represents the nominal value of the shares issued.

Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

18. Capital commitments

At 30 September 2022 the Company had capital commitments as follows:

	2022 £	2021 £
Contracted for but not provided in these financial statements	750,574	846,650

19. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £109,866 (2021 - £72,140).

Contributions totalling £10,762 (2021 - £9,576) were payable to the fund at the reporting date and are included in creditors.

20. Commitments under operating leases

At 30 September 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	128,152	53,923
Later than 1 year and not later than 5 years	400,455	44,107
	528,607	98,030

21. Related party transactions

The Company has taken advantage of the exemption available in Section 33.1A of FRS 102 whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group.

Welfare Hire Nationwide Limited

Notes to the Financial Statements For the Year Ended 30 September 2022

22. Ultimate parent undertaking and controlling party

The Company's immediate parent company is Kelling Midco Limited, which is incorporated in England and Wales and registered at Unit F, Trident Park, Rosie Road, Normanton, United Kingdom, WF6 1ZB. The Company's ultimate parent undertaking is Skye Topco Limited, which is registered at 44 Esplanade, St Helier, Jersey, JE4 9WG.

As at 30 September 2022, the largest and smallest group in which the results are consolidated is that headed by Kelling Group Limited. The consolidated accounts of the company are available to the public and may be obtained from the registered address of Kelling Group Limited at Unit F, Trident Park, Rosie Road, England, Normanton, WF6 1ZB.

The group is controlled by Alinda GP of GP III Ltd on the basis that it holds a controlling interest in the voting rights of the share capital in Skye Topco Limited, the ultimate parent company.