

120 Independent auditor's report to the members of Ashtead Group plc

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FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASHTEAD GROUP PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion:

- the financial statements of Ashtead Group plc ('the Company') and its subsidiaries ('the Group') give a true and fair view of the state of the Group's and of the Company's affairs as at 30 April 2021 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006, International Financial Reporting Standards ('IFRS') as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Consolidated income statement;
- the Consolidated statement of comprehensive income;
- the Consolidated and Company balance sheets;
- the Consolidated and Company statements of changes in equity;
- the Consolidated and Company cash flow statements; and
- the related Notes 1 to 34, including the accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law, International Accounting Standards in conformity with the requirements of the Companies Act 2006 and IFRS as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Company financial statements is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISA (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 Group and the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's ('the FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the Group and the Company for the year are disclosed in Note 4 to the financial statements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: <ul style="list-style-type: none">– carrying value of rental fleet;– revenue recognition – manual topside intervention
Materiality	The materiality that we used for the Group financial statements was £48.1m, which was determined on the basis of three-year average profit before tax.
Scoping	Consistent with previous years, we performed audit work at three (2020: three) components: the Group head office, Sunbelt UK and Sunbelt US. We also performed review procedures over the financial information of the fourth component, Sunbelt Canada, consistent with last year.
Significant changes in our approach	In the prior year, we included going concern as a key audit matter due to the increased uncertainty in the wider market as a result of COVID-19 at that time, which resulted in an increased level of audit effort in this area. We no longer report this as a key audit matter due to the Group's trading in the last 12 months, which has reduced the level of judgement and uncertainty in the going concern assessment.

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.

Our evaluation of the directors' assessment of the Group's and Company's ability to continue to adopt the going concern basis of accounting included:

- obtaining an understanding of the relevant controls relating to the Group's forecasting process;
- verifying the mechanical accuracy of the model used to prepare the Group's forecast;
- reviewing the Group's facility agreements and bond documentation to understand the principal terms and the related financial covenant;
- challenging management on the appropriateness of forecast assumptions by:
 - assessing key assumptions underpinning the Group's forecasts with reference to external data such as GDP growth rates, the latest US Congressional Budget Office forecasts and market forecast data from third-party sources;
 - assessing the likelihood of the assumptions in the forecasts and the impact of reasonably possible downside scenarios on the Group's funding position;
 - assessing the extent of the downside required in order to trigger the fixed charge ratio covenant;
 - comparing forecasts to historical financial information to assess management's historical forecasting accuracy; and
 - assessing the mitigating actions available to the Group, the feasibility of these, and the likelihood of positive impact in the next 12 months, if these actions are taken.

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 Group's and the Company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

In relation to the reporting on how the Group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

CARRYING VALUE OF RENTAL FLEET

Key audit matter description As set out in Note 13, the Group holds £8.6bn [2020: £9.4bn] of rental fleet at cost (£5.0bn net book value [2020: £5.9bn net book value]). These assets represent 54% [2020: 56%] of the Group's gross assets. The movement in the balance from prior year is due to a £659m increase in the balance from additions and acquisitions and £422m of foreign exchange movements, offset by £1.1bn of depreciation and disposals. These movements were driven in part by management's actions in response to external market conditions in the early part of the financial year.

There is a risk that an impairment required to the Group's rental fleet is not identified, properly quantified or recorded and that the carrying value of the rental fleet assets is therefore misstated.

The Group's accounting policy as disclosed in Note 2 sets out that the assets are recorded at cost (including transportation costs from the manufacturer to the initial rental location), less accumulated depreciation and any provisions for impairment. The Group's approach for estimating the useful lives and residual values is also explained.

Management's assessment of carrying values is based on a long-term assessment, as at the balance sheet date, over the economic cycle given the nature of the assets. The directors apply judgement in determining the appropriate carrying value of the assets.

As described in the Audit Committee report on page 91, management undertakes an annual review of the appropriateness of the useful lives and residual values assigned to property, plant and equipment, including the rental fleet, and assesses whether they continue to be appropriate and whether there are any indicators of impairment. Consideration continued to be given in the current year as to whether the COVID-19 pandemic had any impact on the carrying value of the rental fleet.

CARRYING VALUE OF RENTAL FLEET CONTINUED

How the scope of our audit responded to the key audit matter	<p>In responding to the identified key audit matter, we completed the following audit procedures:</p> <ul style="list-style-type: none"> – obtained an understanding of the relevant controls over the impairment review, and in particular, the identification of impairment indicators; – challenged and understood the assessment performed by management to identify impairment indicators, including the consistency of these with the requirements of IAS 36 Impairment of Assets; – challenged the key judgements and the impact that each of these has in determining whether an impairment exists. In particular, we focused our testing on returns on investment by asset class, fleet utilisation, useful economic lives and profits recorded on asset disposals; – considered and challenged the completeness of the COVID-19 assessment and its impact on the performance of the business. In addition, we performed an evaluation of end markets and challenged whether any further impact should be considered in the impairment assessment; and – assessed whether the accounting for the rental fleet and associated disclosures were in line with the Group's accounting policies and IAS 36.
Key observations	<p>We consider that management's consideration of carrying values, including useful lives and residual values is appropriate for the purposes of the impairment assessment. As a result of the audit work performed, we are satisfied that the carrying value of the rental fleet is not materially misstated.</p>

REVENUE RECOGNITION – MANUAL TOP-SIDE INTERVENTION

Key audit matter description	<p>As disclosed in the Group's accounting policy note on revenue (Note 2), the Group has three main sources of revenue:</p> <ul style="list-style-type: none"> – rental revenue, including loss damage waiver, environmental fees and revenue from rental equipment delivery and collection; – revenue from the sale of new equipment, merchandise and consumables; and – revenue from the sale of used rental equipment. <p>Given the high-volume and low-value nature of transactions in the Group's revenue balance, we identified a risk of misstatement arising from management intervention, whether due to fraud or error, through top-side manual journals to revenue.</p>
How the scope of our audit responded to the key audit matter	<p>In responding to the identified key audit matter, we completed the following audit procedures:</p> <ul style="list-style-type: none"> – obtained an understanding of the relevant controls over the revenue cycle throughout the Group, with a particular focus on those controls relating to manual journal entries; – at Sunbelt US, the most significant component representing 82% of the Group's revenue, performed a detailed assessment by store, analysing revenue trends to identify any outliers and instances of potential management intervention; and – identified a sub-population from manual top-side adjustments impacting the revenue balance, exhibiting characteristics of audit interest. We then performed testing on a sample basis of entries from this sub-population, agreeing adjustments to supporting documentation in order to assess the accuracy and appropriateness of the journal postings.
Key observations	<p>Based on the procedures performed, we did not identify any material exceptions or evidence of management bias or manipulation of the revenue account and are satisfied that the amounts recorded are in line with the Group's accounting policies.</p>

Our application of materiality

Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	GROUP FINANCIAL STATEMENTS	COMPANY FINANCIAL STATEMENTS
Materiality	£48.1m (2020: £48.5m)	£10.9m (2020: £10.1m)
Basis for determining materiality	In determining our materiality, we took a three-year average profit before tax and applied a benchmark of 5% to arrive at materiality. This approach is consistent with the approach adopted in the prior year.	3% of the Company's net assets, capped at 50% of Group materiality.
Rationale for the benchmark applied	Profit before tax has been used as it is the primary measure of performance used by the Group. We have used average reported profit before tax over the past three years to reflect the cyclical nature of the industry in which the Group operates.	As the Company is a holding company, we consider net assets to be the most appropriate benchmark due to the entity being the shareholder of multiple trading entities. We have applied a cap of 50% of the Group materiality to the benchmark.

Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	GROUP FINANCIAL STATEMENTS	COMPANY FINANCIAL STATEMENTS
Performance materiality	70% (2020: 70%) of Group materiality	70% (2020: 70%) of Company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: <ul style="list-style-type: none"> – our cumulative knowledge of the Group, including the nature, quantum and volume of corrected and uncorrected misstatements in prior periods; and – our risk assessment, including our assessment of the Group's overall control environment and that we consider it appropriate to rely on controls over a number of business processes in Sunbelt US. 	

Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £2m (2020: £2m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also reported to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Identification and scoping of components

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including group-wide controls, and assessing the risks of material misstatement at the Group level. Audit work to respond to the risks of material misstatement consisted of a combination of work performed by separate component teams in the UK and US as well as the Group audit team in the UK.

The Group comprises four (2020: four) principal components: the Head Office in the UK; Sunbelt UK; Sunbelt US; and Sunbelt Canada. The Group audit team performed a full scope audit of the Head Office component; local component audit teams performed full-scope audits for both Sunbelt UK and Sunbelt US and review procedures over the financial information for Sunbelt Canada, consistent with the prior year approach.

The three components for which we performed full audit procedures represent 94% (2020: 95%) of the Group's revenue, 96% (2020: 98%) of the Group's operating profit, and 91% (2020: 97%) of the Group's net assets. They were also selected to provide an appropriate basis for undertaking audit work to address the risks of material misstatements identified above. Our audit work at the three locations was executed at levels of materiality applicable to each individual location, which were lower than Group materiality and ranged from £16.1m to £43.3m.

The Sunbelt US component team also performed a review of the financial information of the operations in Sunbelt Canada to component materiality, which represents 6% (2020: 5%) of the Group's revenue, 4% (2020: 2%) of the Group's operating profit and 8% (2020: 3%) of the Group's net assets.

Our consideration of the control environment

In line with our scoping of components, our work in relation to the Group's control environment focused on Sunbelt US as the Group's largest component and we evaluated both the business cycle controls and General IT controls ('GITCs').

In order to evaluate business cycle controls, we performed walkthrough procedures over key cycles, including the key risk areas of revenue and property, plant and equipment (rental fleet), to understand whether the control was effectively designed to address the related risk. We then performed testing of the controls across the audit period on a rotational basis, to determine whether the controls had operated effectively as designed.

In relation to GITCs, we performed an independent risk assessment of the systems, applications and tools used to support business processes and reporting to determine those which are of greatest relevance to the Group's financial reporting. We performed testing of GITCs of these systems, covering controls surrounding user access management, change management and interfaces with other systems relating to in-scope IT systems as well as controls over key reports generated from the IT systems and their supporting infrastructure (database and operating system).

Our procedures enabled us, as planned, to place reliance on business cycle controls and GITCs within Sunbelt US. We relied on these controls in our audit testing across expenditure (including payroll), fixed assets, revenue, treasury, customer rebates and journal entries.

Working with other auditors

Throughout the year, members of the Group audit team, including the lead audit partner, held group-wide, and individual planning and close meetings that covered all components. We also reviewed the audit work papers supporting the component teams' reporting to us remotely using shared desktop technology. Whilst we were unable to visit components during the year due to the travel restrictions imposed by governments in response to the COVID-19 pandemic, we performed alternative procedures in order to supervise and direct the component auditors' work.

In response to the outbreak of COVID-19 and the changes in working practices which came into effect at the end of March 2020, we performed additional procedures on a number of controls within the business processes over which we take controls reliance to determine whether individual controls had been affected by working practice changes.

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report.

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.

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 Group's and 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 Group or 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 ISA (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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

Extent to which the audit was considered 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.

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, internal audit, internal legal counsel and the Audit Committee about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations; and
- the matters discussed among the audit engagement team, including significant component audit teams and relevant internal specialists, including tax, valuations, pensions, IT and forensic accounting specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in revenue recognition. In common with all audits under ISA (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks in which the Group operates, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, the Listing Rules, the UK Corporate Governance Code, pensions legislation and UK and overseas tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty.

Audit response to risks identified

As a result of performing the above, we identified revenue recognition as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Group's Performance Standards function (which is responsible for assessing profit centre compliance with operating policies), the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with tax authorities;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements applied in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the Directors' remuneration report to be audited has been properly prepared in accordance with 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.

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

Corporate governance statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate governance statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 117;
- the directors' explanation as to its assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 39;
- the Directors' statement on fair, balanced and understandable set out on page 92;
- the Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 34 and 35;
- the section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on pages 87 and 88; and
- the section describing the work of the Audit Committee set out on pages 89 to 93.

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Directors' remuneration

Under the Companies Act 2006 we are also required to report if, in our opinion, certain disclosures of directors' remuneration have not been made or the part of the Directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Other matters which we are required to address

Auditor tenure

Following the recommendation of the Audit Committee, we were appointed by Board of directors in 2004 to audit the financial statements for the year ended 30 April 2004 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 18 years, covering the years ended April 2004 to April 2021.

Consistency of the Audit report with the additional report to the Audit Committee

Our audit opinion is consistent with the additional report to the Audit Committee we are required to provide in accordance with ISA (UK).

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.



WILLIAM SMITH

(Senior statutory auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, UK
14 June 2021

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated income statement

for the year ended 30 April 2021

	Notes	2021			2020		
		Before amortisation £m	Amortisation £m	Total £m	Before exceptional items and amortisation £m	Exceptional items and amortisation £m	Total £m
Revenue							
Rental revenue		4,472.6	–	4,472.6	4,606.5	–	4,606.5
Sale of new equipment, merchandise and consumables		263.5	–	263.5	184.0	–	184.0
Sale of used rental equipment		295.0	–	295.0	263.1	–	263.1
		5,031.1	–	5,031.1	5,053.6	–	5,053.6
Operating costs							
Staff costs	4	(1,137.9)	–	(1,137.9)	(1,172.3)	–	(1,172.3)
Used rental equipment sold	4	(276.2)	–	(276.2)	(229.9)	–	(229.9)
Other operating costs	4	(1,315.6)	–	(1,315.6)	(1,275.6)	–	(1,275.6)
		(2,729.7)	–	(2,729.7)	(2,677.8)	–	(2,677.8)
EBITDA*		2,301.4	–	2,301.4	2,375.8	–	2,375.8
Depreciation	4	(1,104.6)	–	(1,104.6)	(1,090.5)	–	(1,090.5)
Amortisation of intangibles	4, 5	–	(61.5)	(61.5)	–	(61.7)	(61.7)
Operating profit	3, 4	1,196.8	(61.5)	1,135.3	1,285.3	(61.7)	1,223.6
Interest expense	5, 6	(199.3)	–	(199.3)	(224.5)	(16.3)	(240.8)
Profit on ordinary activities before taxation		997.5	(61.5)	936.0	1,060.8	(78.0)	982.8
Taxation	7, 21	(253.8)	15.2	(238.6)	(262.3)	19.2	(243.1)
Profit attributable to equity holders of the Company		743.7	(46.3)	697.4	798.5	(58.8)	739.7
Basic earnings per share	8	166.0p	(10.3p)	155.7p	175.0p	(12.9p)	162.1p
Diluted earnings per share	8	165.5p	(10.3p)	155.2p	174.3p	(12.8p)	161.5p

* EBITDA is presented here as an alternative performance measure as it is commonly used by investors and lenders. Further details are provided in the Glossary of terms on page 169.

All revenue and profit for the year is generated from continuing operations.

Consolidated statement of comprehensive income

for the year ended 30 April 2021

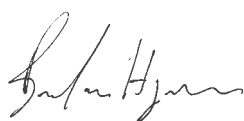
	Note	2021 £m	2020 £m
Profit attributable to equity holders of the Company for the financial year		697.4	739.7
Items that will not be reclassified to profit or loss:			
Remeasurement of the defined benefit pension plan	24	13.9	(10.8)
Tax on defined benefit pension plan		(2.7)	2.1
		11.2	(8.7)
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		(228.6)	71.0
Total comprehensive income for the year		480.0	802.0

Consolidated balance sheet

at 30 April 2021

	Notes	2021 £m	2020 £m
Current assets			
Inventories	10	73.8	83.3
Trade and other receivables	11	782.7	821.6
Current tax asset		13.3	32.8
Cash and cash equivalents	12	19.2	241.4
		889.0	1,179.1
Non-current assets			
Property, plant and equipment			
– rental equipment	13	4,990.2	5,890.1
– other assets	13	626.3	708.7
		5,616.5	6,598.8
Right-of-use asset	14	1,116.6	1,088.3
Goodwill	15	1,297.3	1,340.3
Other intangible assets	15	279.8	326.1
Other non-current assets	16	69.0	–
Net defined benefit pension plan asset	24	4.5	–
		8,383.7	9,353.5
Total assets		9,272.7	10,532.6
Current liabilities			
Trade and other payables	17	591.9	574.7
Current tax liability		4.1	2.3
Lease liabilities	18	121.9	106.0
Provisions	20	39.0	53.7
		756.9	736.7
Non-current liabilities			
Lease liabilities	18	1,057.8	1,006.2
Long-term borrowings	19	3,029.3	4,492.2
Provisions	20	44.0	38.9
Deferred tax liabilities	21	1,093.7	1,274.3
Other non-current liabilities		22.3	–
Net defined benefit pension plan liability	24	–	12.1
		5,247.1	6,823.7
Total liabilities		6,004.0	7,560.4
Equity			
Share capital	22	45.1	45.4
Share premium account		3.6	3.6
Capital redemption reserve		11.1	10.8
Own shares held by the Company	22	(51.2)	(115.9)
Own shares held through the ESOT	22	(28.8)	(27.7)
Cumulative foreign exchange translation differences		77.1	305.7
Retained reserves		3,211.8	2,750.3
Equity attributable to equity holders of the Company		3,268.7	2,972.2
Total liabilities and equity		9,272.7	10,532.6

These financial statements were approved by the Board on 14 June 2021.



BRENDAN HORGAN
Chief executive



MICHAEL PRATT
Chief financial officer

Consolidated statement of changes in equity

for the year ended 30 April 2021

	Share capital £m	Share premium account £m	Capital redemption reserve £m	Own shares held by the Company £m	Own shares held through the ESOT £m	Cumulative foreign exchange translation differences £m	Retained reserves £m	Total £m
At 1 May 2019	49.9	3.6	6.3	(622.6)	(24.6)	234.7	3,153.2	2,800.5
Effect of adoption of IFRS 16	-	-	-	-	-	-	8.1	8.1
At 1 May 2019 (restated)	49.9	3.6	6.3	(622.6)	(24.6)	234.7	3,161.3	2,808.6
Profit for the year	-	-	-	-	-	-	739.7	739.7
Other comprehensive income:								
Foreign currency translation differences	-	-	-	-	-	71.0	-	71.0
Remeasurement of the defined benefit pension plan	-	-	-	-	-	-	(10.8)	(10.8)
Tax on defined benefit pension plan	-	-	-	-	-	-	2.1	2.1
Total comprehensive income for the year	-	-	-	-	-	71.0	731.0	802.0
Dividends paid	-	-	-	-	-	-	(186.7)	(186.7)
Own shares purchased by the ESOT	-	-	-	-	(17.6)	-	-	(17.6)
Own shares purchased by the Company	-	-	-	(444.6)	-	-	-	(444.6)
Share-based payments	-	-	-	-	14.5	-	(6.1)	8.4
Tax on share-based payments	-	-	-	-	-	-	2.1	2.1
Cancellation of shares	(4.5)	-	4.5	951.3	-	-	(951.3)	-
At 30 April 2020	45.4	3.6	10.8	(115.9)	(27.7)	305.7	2,750.3	2,972.2
Profit for the year	-	-	-	-	-	-	697.4	697.4
Other comprehensive income:								
Foreign currency translation differences	-	-	-	-	-	(228.6)	-	(228.6)
Remeasurement of the defined benefit pension plan	-	-	-	-	-	-	13.9	13.9
Tax on defined benefit pension plan	-	-	-	-	-	-	(2.7)	(2.7)
Total comprehensive income for the year	-	-	-	-	-	(228.6)	708.6	480.0
Dividends paid	-	-	-	-	-	-	(182.1)	(182.1)
Own shares purchased by the ESOT	-	-	-	-	(12.5)	-	-	(12.5)
Share-based payments	-	-	-	-	11.4	-	(4.2)	7.2
Tax on share-based payments	-	-	-	-	-	-	3.9	3.9
Cancellation of shares	(0.3)	-	0.3	64.7	-	-	(64.7)	-
At 30 April 2021	45.1	3.6	11.1	(51.2)	(28.8)	77.1	3,211.8	3,268.7

Consolidated cash flow statement

for the year ended 30 April 2021

	Notes	2021 £m	2020 £m
Cash flows from operating activities			
Cash generated from operations before exceptional items and changes in rental equipment	26(a)	2,287.1	2,430.4
Payments for rental property, plant and equipment		(619.1)	(1,366.2)
Proceeds from disposal of rental property, plant and equipment		291.6	246.6
Cash generated from operations		1,959.6	1,310.8
Financing costs paid (net)		(193.1)	(196.9)
Exceptional financing costs paid		–	(12.4)
Tax paid (net)		(293.8)	(113.2)
Net cash generated from operating activities		1,472.7	988.3
Cash flows from investing activities			
Acquisition of businesses	26(b)	(142.5)	(453.1)
Payments for non-rental property, plant and equipment		(104.8)	(208.2)
Proceeds from disposal of non-rental property, plant and equipment		13.8	12.0
Net cash used in investing activities		(233.5)	(649.3)
Cash flows from financing activities			
Drawdown of loans		495.6	2,318.5
Redemption of loans		(1,698.5)	(1,712.4)
Repayment of principal under lease liabilities		(56.0)	(64.3)
Dividends paid		(182.1)	(186.7)
Purchase of own shares by the ESOT		(12.5)	(17.6)
Purchase of own shares by the Company		–	(448.6)
Net cash used in financing activities		(1,453.5)	(111.1)
(Decrease)/increase in cash and cash equivalents			
Opening cash and cash equivalents		241.4	12.8
Effect of exchange rate difference		(7.9)	0.7
Closing cash and cash equivalents		19.2	241.4
Reconciliation of net cash flows to net debt			
Decrease/(increase) in cash in the period		214.3	(227.9)
(Decrease)/increase in debt through cash flow		(1,258.9)	541.8
Change in net debt from cash flows		(1,044.6)	313.9
Exchange differences		(343.2)	133.0
Debt acquired		18.2	89.5
Non-cash movements:			
– deferred costs of debt raising		8.3	10.1
– new lease liabilities		188.1	188.8
(Decrease)/increase in net debt in the period		(1,173.2)	735.3
Net debt at 1 May (as previously stated)		5,363.0	3,744.9
Effect of adoption of IFRS 16		–	882.8
Net debt at 1 May (2020 restated)		5,363.0	4,627.7
Net debt at 30 April	26(c)	4,189.8	5,363.0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Ashtead Group plc ('the Company') is a company incorporated and domiciled in England and Wales and listed on the London Stock Exchange. The consolidated financial statements are presented in pounds sterling, the functional currency of the parent.

2 ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. Accordingly, the Group complies with relevant IFRS as adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. The financial statements have been prepared under the historical cost convention, modified for certain items carried at fair value, as stated in the accounting policies.

The consolidated financial statements have been prepared on the going concern basis. The Group's internal budgets and forecasts of future performance, available financing facilities and facility headroom (see Note 19), provide a reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future and consequently the going concern basis continues to be appropriate in preparing the consolidated financial statements.

Key judgements and estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reporting period.

In the course of preparing the financial statements, no judgements have been made in the process of applying the Group's accounting policies, other than those involving estimations, that have had a significant effect on the amounts recognised within the financial statements.

The estimates and associated assumptions which have been used are based on historical experience and other factors that are considered to be relevant. While actual results could differ from these estimates, the Group has not identified any assumptions, or other key sources of estimation uncertainty in the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Changes in accounting policies and disclosures

New and amended standards adopted by the Group

There are no new IFRS or IFRIC Interpretations that are effective for the first time this financial year which have a material impact on the Group.

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 May 2020 and not adopted early

There are no other IFRS or IFRIC Interpretations that are not yet effective that would be expected to have a material impact on the Group.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 30 April each year. Control is achieved when the Company has the power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee, and has the ability to use its power to affect its returns. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is the fair value at the acquisition date of the assets transferred and the liabilities incurred by the Group and includes the fair value of any contingent consideration arrangement. Acquisition-related costs are recognised in the income statement as incurred.

Contingent consideration is measured at the acquisition date at fair value and included in provisions in the balance sheet. Changes in the fair value of contingent consideration due to events post the date of acquisition are recognised in the income statement.

2 ACCOUNTING POLICIES (CONTINUED)

Foreign currency translation

Our reporting currency is the pound sterling, the functional currency of the parent company. However, the majority of our assets, liabilities, revenue and costs are denominated in US dollars. Assets and liabilities in foreign currencies are translated into pounds sterling at rates of exchange ruling at the balance sheet date. Income statements and cash flows of overseas subsidiary undertakings are translated into pounds sterling at average rates of exchange for the year. The exchange rates used in respect of the US dollar (\$) and Canadian dollar (C\$) are:

	US dollar		Canadian dollar	
	2021	2020	2021	2020
Average for year	1.32	1.27	1.73	1.69
Year end	1.38	1.26	1.70	1.75

Exchange differences arising from the retranslation of the opening net investment of overseas subsidiaries and the difference between the inclusion of their profits at average rates of exchange in the Group income statement and the closing rate used for the balance sheet are recognised directly in a separate component of equity. Other exchange differences are dealt with in the income statement.

Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties and VAT/sales tax. Our revenue is a function of our rental rates and the size, utilisation and mix of our equipment rental fleet. The Group has three main sources of revenue as detailed below:

- rental revenue, including loss damage waiver, environmental fees and revenue from rental equipment delivery and collection;
- revenue from the sale of new equipment, merchandise and consumables; and
- revenue from the sale of used rental equipment.

Rental revenue, including loss damage waiver and environmental fees, is recognised on a straight-line basis over the period of the rental contract. In general, rental contracts have no fixed duration and are cancellable at any time, with a typical rental period of around three weeks. However, as a rental contract can extend across financial reporting period ends, the Group records accrued revenue (unbilled rental revenue) and deferred revenue at the beginning and end of each reporting period so that rental revenue is appropriately stated in the financial statements. Revenue from rental delivery and collection is recognised when the delivery or collection has occurred and the performance obligation therefore fulfilled.

Revenue from the sale of new rental equipment, merchandise and consumables, together with revenue from the sale of used rental equipment, is recognised at the time of delivery to, or collection by, the customer and when all performance obligations under the sale contract have been fulfilled.

Revenue from the sale of rental equipment in connection with trade-in arrangements with certain manufacturers from whom the Group purchases new equipment is accounted for at the lower of transaction value or fair value based on independent appraisals. If the trade-in price of a unit of equipment exceeds the fair market value of that unit, the excess is accounted for as a reduction of the cost of the related purchase of new rental equipment.

Of the Group's rental revenue, £3,817m (2020: £3,938m) is accounted for in accordance with IFRS 16, 'Leases', while revenue from other ancillary services, each of which is billed separately, revenue from the sale of new equipment, merchandise and consumables and revenue from the sale of used equipment totalling £1,214m (2020: £1,116m) is accounted for in accordance with IFRS 15, Revenue from Contracts with Customers.

Investment income and interest expense

Investment income comprises interest receivable on funds invested and net interest on net defined benefit pension plan assets.

Interest expense comprises interest payable on borrowings, amortisation of deferred debt raising costs, the unwind of the discount on the self-insurance and contingent consideration provisions and the net interest on net defined benefit pension plan liabilities.

Exceptional items

Exceptional items are those items that are material and non-recurring in nature that the Group believes should be disclosed separately to assist in the understanding of the financial performance of the Group.

Earnings per share

Earnings per share is calculated based on the profit for the financial year and the weighted average number of ordinary shares in issue during the year. For this purpose the number of ordinary shares in issue excludes shares held by the Company or by the Employee Share Ownership Trust ('ESOT') in respect of which dividends have been waived. Diluted earnings per share is calculated using the profit for the financial year and the weighted average diluted number of shares (ignoring any potential issue of ordinary shares which would be anti-dilutive) during the year.

Adjusted earnings per share comprises basic earnings per share adjusted to exclude earnings relating to exceptional items and amortisation of intangibles.

Current/non-current distinction

Current assets include assets held primarily for trading purposes, cash and cash equivalents and assets expected to be realised in, or intended for sale or consumption in, the course of the Group's operating cycle and those assets receivable within one year from the reporting date. All other assets are classified as non-current assets.

Current liabilities include liabilities held primarily for trading purposes, liabilities expected to be settled in the course of the Group's operating cycle and those liabilities due within one year from the reporting date. All other liabilities are classified as non-current liabilities.

Property, plant and equipment

Property, plant and equipment is stated at cost (including transportation costs from the manufacturer to the initial rental location) less accumulated depreciation and any provisions for impairment. In respect of certain assets, cost includes rebuild costs when the rebuild extends the asset's useful economic life and it is probable that incremental economic benefits will accrue to the Group. Rebuild costs include the cost of transporting the equipment to and from the rebuild supplier. Depreciation is not charged while the asset is not in use during the rebuild period.

Depreciation

Fixed assets are depreciated on a straight-line basis applied to the opening cost to write down each asset to its residual value over its useful economic life. Estimates of useful life and residual value are determined with the objective of allocating most appropriately the cost of property, plant and equipment to our income statement, over the period we anticipate it will be used in our business. Residual values and estimated useful economic lives are reassessed annually, recognising the cyclical nature of the business, by making reference to recent experience of the Group. The depreciation rates in use are as follows:

	Per annum
Freehold property	2%
Motor vehicles	7% to 25%
Rental equipment	4% to 33%
Office and workshop equipment	20%

Residual values are estimated at 10-15% of cost in respect of most types of rental equipment, although the range of residual values used varies between zero and 35%.

Repairs and maintenance

Costs incurred in the repair and maintenance of rental and other equipment are charged to the income statement as incurred.

Intangible assets

Goodwill

Goodwill represents the difference between the fair value of the consideration for an acquisition and the fair value of the net identifiable assets acquired, including any intangible assets other than goodwill.

Goodwill is stated at cost less any accumulated impairment losses and is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination.

The profit or loss on the disposal of a previously acquired business includes the attributable amount of any purchased goodwill relating to that business.

Other intangible assets

Other intangible assets acquired as part of a business combination are capitalised at fair value as at the date of acquisition. Internally generated intangible assets are not capitalised. Amortisation is charged on a straight-line basis over the expected useful life of each asset. Contract related intangible assets are amortised over the life of the contract. Amortisation rates for other intangible assets are as follows:

	Per annum
Brand names	7% to 15%
Customer lists	10% to 20%
Contract related	14% to 50%

Impairment of assets

Goodwill is not amortised but is tested annually for impairment as at 30 April each year. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the income statement for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable and independent cash flows for the asset being tested for impairment (cash-generating unit).

The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In respect of assets other than goodwill, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Impairment losses in respect of goodwill are not reversed.

Taxation

The tax charge for the period comprises both current and deferred tax. Taxation is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case the related tax is also recognised in equity.

Current tax is the expected tax payable on the taxable income for the year and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method on any temporary differences between the carrying amounts for financial reporting purposes and those for taxation purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill.

2 ACCOUNTING POLICIES (CONTINUED)

Deferred tax liabilities are not recognised for temporary differences arising on investments in subsidiaries where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Inventories

Inventories, which comprise equipment, fuel, merchandise and spare parts, are valued at the lower of cost and net realisable value. The cost of inventory that is not ordinarily interchangeable is valued at individual cost. The cost of other inventories is determined on a first-in, first-out basis or using a weighted average cost formula, depending on the basis most suited to the type of inventory held.

Employee benefits

Defined contribution pension plans

Obligations under the Group's defined contribution plans are recognised as an expense in the income statement as incurred.

Defined benefit pension plans

The Group's obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value and the fair value of plan assets is deducted. The discount rate used is the yield at the balance sheet date on AA-rated corporate bonds. The calculation is performed by a qualified actuary using the projected unit credit method.

Actuarial gains and losses are recognised in full in the period in which they arise through the statement of comprehensive income. The increase in the present value of plan liabilities arising from employee service during the period is charged to operating profit.

Net interest is calculated by applying a discount rate to the net defined benefit pension plan asset or liability. The net interest income or net interest expense is included in investment income or interest expense, respectively.

The defined pension surplus or deficit represents the fair value of the plan assets less the present value of the defined benefit obligation. A surplus is recognised in the balance sheet to the extent that the Group has an unconditional right to the surplus, either through a refund or reduction in future contributions. A deficit is recognised in full.

Share-based compensation

The fair value of awards made under share-based compensation plans is measured at grant date and spread over the vesting period through the income statement with a corresponding increase in equity. The fair value of share options and awards is measured using an appropriate valuation model taking into account the terms and conditions of the individual award. The amount recognised as an expense is adjusted to reflect the actual awards vesting except where any change in the awards vesting relates only to market-based criteria not being achieved.

Insurance

Insurance costs include insurance premiums which are written off to the income statement over the period to which they relate and an estimate of the discounted liability for uninsured retained risks on unpaid claims incurred up to the balance sheet date. The estimate includes events incurred but not reported at the balance sheet date. This estimate is discounted and included in provisions in the balance sheet on a gross basis with a corresponding insurance receivable amount recognised as an asset where it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets

Trade receivables

Trade receivables do not carry interest and are initially stated at their transaction value and measured subsequently at amortised cost using the effective interest method as reduced by appropriate loss allowances for estimated irrecoverable amounts. The loss allowances are calculated using an expected credit loss model, based on historical write-off experience and taking account of market conditions and customer knowledge. Adjustments to the loss allowances are recognised in the income statement. Trade receivables are written off when recoverability is assessed as being remote while subsequent recoveries of amounts previously written off are credited to the income statement.

Cash and cash equivalents

Cash and cash equivalents comprises cash balances and call deposits with maturity of less than, or equal to, three months.

Financial liabilities and equity

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Trade payables

Trade payables are not interest bearing and are stated at fair value and subsequently measured at amortised cost using the effective interest rate method.

Borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct transaction costs where these are integral to the total cost of the borrowing. Where this is not the case, direct transaction costs are recognised separately from the financial liability as a loan commitment asset. Finance charges, including amortisation of direct transaction costs, are charged to the income statement using the effective interest rate method.

Tranches of borrowings and overdrafts which mature on a regular basis are classified as current or non-current liabilities based on the maturity of the facility so long as the committed facility exceeds the drawn debt.

Net debt

Net debt consists of total borrowings and lease liabilities less cash and cash equivalents. Borrowings exclude accrued interest. Foreign currency denominated balances are retranslated to pounds sterling at rates of exchange ruling at the balance sheet date.

Senior notes

The Group's senior notes contain early repayment options, which constitute embedded derivatives in accordance with IFRS 9, Financial Instruments. The accounting for these early repayment options depends on whether they are considered to be closely related to the host contract or not based on IFRS 9. Where they are closely related, the early repayment option is not accounted for separately and the notes are recorded within borrowings, net of direct transaction costs. The interest expense is calculated by applying the effective interest rate method.

In circumstances where the early repayment option is not considered closely related to the host contract, the repayment option has to be valued separately. At the date of issue the liability component of the notes is estimated using prevailing market interest rates for similar debt with no repayment option and is recorded within borrowings, net of direct transaction costs. The difference between the proceeds of the note issue and the fair value assigned to the liability component, representing the embedded option to prepay the notes is included within other financial assets – derivatives. The interest expense on the liability component is calculated by applying the effective interest rate method. The embedded option to prepay is fair valued using an appropriate valuation model and fair value remeasurement gains and losses are included in investment income and interest expense respectively.

Where the Group's senior notes are issued at a premium or a discount, they are initially recognised at their face value plus or minus the premium or discount. The notes are subsequently measured at amortised cost using the effective interest rate method.

Leases

The Group assesses whether a contract is a lease, or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is measured initially at the present value of future lease payments at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. Lease payments included in the measurement of the Group's lease liability comprise:

- fixed lease payments, less any lease incentives received; and
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term changes, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use asset comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset with depreciation commencing at the commencement date of the lease.

Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'other operating costs' in the income statement.

For short-term leases (lease terms of 12 months or less) and leases of low-value assets (such as photocopiers, vending machines, etc.), the Group has opted to recognise a lease expense on a straight-line basis. This expense is presented within other operating costs in the consolidated income statement.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

Employee Share Ownership Trust

Shares in the Company acquired by the ESOT in the open market for use in connection with employee share plans are presented as a deduction from shareholders' funds. When the shares vest to satisfy share-based payments, a transfer is made from own shares held through the ESOT to retained earnings.

Own shares held by the Company

The cost of own shares held by the Company is deducted from shareholders' funds. The proceeds from the reissue of own shares are added to shareholders' funds with any gains in excess of the average cost of the shares being recognised in the share premium account.

3 SEGMENTAL ANALYSIS

Segmental analysis by reportable operating segment

The Group operates one class of business: rental of equipment. Operationally, the Group is split into three business units, Sunbelt US, Sunbelt UK and Sunbelt Canada which report separately to, and are managed by, the chief executive and align with the geographies in which they operate, being the US, the United Kingdom and Canada, respectively. Accordingly, the Group's reportable operating segments are the US, UK and Canada.

The Group manages debt and taxation centrally, rather than by business unit. Accordingly, segmental results are stated before interest and taxation which are reported as central Group items. This is consistent with the way the chief executive reviews the business.

There are no sales between the business segments. Segment assets include property, plant and equipment, goodwill, intangibles, inventory and receivables. Segment liabilities comprise operating liabilities and exclude taxation balances, corporate borrowings and accrued interest. Capital expenditure represents additions to property, plant and equipment and intangible assets, including goodwill, and includes additions through the acquisition of businesses.

Year ended 30 April 2021	US £m	UK £m	Canada £m	Corporate items £m	Group £m
Revenue					
Rental revenue	3,738.3	481.4	252.9	–	4,472.6
Sale of new equipment, merchandise and consumables	115.4	124.9	23.2	–	263.5
Sale of used rental equipment	252.0	28.8	14.2	–	295.0
	4,105.7	635.1	290.3	–	5,031.1
EBITDA	1,996.6	192.8	126.8	(14.8)	2,301.4
Depreciation	(901.8)	(131.9)	(70.1)	(0.8)	(1,104.6)
Segment result	1,094.8	60.9	56.7	(15.6)	1,196.8
Amortisation					(61.5)
Interest expense					(199.3)
Profit before taxation					936.0
Taxation					(238.6)
Profit attributable to equity shareholders					697.4
Segment assets	7,500.4	873.0	824.1	42.7	9,240.2
Cash					19.2
Taxation assets					13.3
Total assets					9,272.7
Segment liabilities	1,428.8	186.5	217.3	12.2	1,844.8
Corporate borrowings and accrued interest					3,061.4
Taxation liabilities					1,097.8
Total liabilities					6,004.0
Other non-cash expenditure – share-based payments	4.6	0.6	0.3	1.7	7.2
Capital expenditure	638.6	148.9	55.7	–	843.2

Year ended 30 April 2020	US £m	UK £m	Canada £m	Corporate items £m	Group £m
Revenue					
Rental revenue	3,985.2	407.8	213.5	–	4,606.5
Sale of new equipment, merchandise and consumables	132.5	30.3	21.2	–	184.0
Sale of used rental equipment	218.0	31.1	14.0	–	263.1
	4,335.7	469.2	248.7	–	5,053.6
EBITDA	2,149.0	148.6	92.8	(14.6)	2,375.8
Depreciation	(916.9)	(112.2)	(60.6)	(0.8)	(1,090.5)
Segment result	1,232.1	36.4	32.2	(15.4)	1,285.3
Amortisation					(61.7)
Interest expense					(224.5)
Exceptional items					(16.3)
Profit before taxation					982.8
Taxation					(243.1)
Profit attributable to equity shareholders					739.7
Segment assets	8,639.5	835.2	776.4	7.3	10,258.4
Cash					241.4
Taxation assets					32.8
Total assets					10,532.6
Segment liabilities	1,438.4	149.0	152.5	13.0	1,752.9
Corporate borrowings and accrued interest					4,530.9
Taxation liabilities					1,276.6
Total liabilities					7,560.4
Other non-cash expenditure – share-based payments	4.9	0.7	0.2	2.6	8.4
Capital expenditure	1,622.6	85.4	260.4	–	1,968.4

Segmental analysis by geography

The Group's operations are located in the United States, the United Kingdom and Canada. The following table provides an analysis of the Group's revenue, segment assets and capital expenditure, including expenditure on acquisitions, by country of domicile. Segment assets by geography include property, plant and equipment, goodwill, intangible assets, right-of-use assets and other non-current assets but exclude the net defined benefit pension plan asset, inventory and receivables.

	Revenue		Segment assets		Capital expenditure	
	2021 £m	2020 £m	2021 £m	2020 £m	2021 £m	2020 £m
United States	4,105.7	4,335.7	6,852.5	7,892.0	638.6	1,622.6
United Kingdom	635.1	469.2	758.4	730.9	148.9	85.4
Canada	290.3	248.7	768.3	730.6	55.7	260.4
	5,031.1	5,053.6	8,379.2	9,353.5	843.2	1,968.4

4 OPERATING COSTS AND OTHER INCOME

	2021			2020		
	Before amortisation £m	Amortisation £m	Total £m	Before amortisation £m	Amortisation £m	Total £m
Staff costs:						
Salaries	1,038.2	–	1,038.2	1,070.2	–	1,070.2
Social security costs	79.2	–	79.2	80.6	–	80.6
Other pension costs	20.5	–	20.5	21.5	–	21.5
	1,137.9	–	1,137.9	1,172.3	–	1,172.3
Used rental equipment sold	276.2	–	276.2	229.9	–	229.9
Other operating costs:						
Vehicle costs	284.7	–	284.7	293.1	–	293.1
Spares, consumables and external repairs	283.7	–	283.7	249.0	–	249.0
Facility costs	51.4	–	51.4	50.5	–	50.5
Other external charges	695.8	–	695.8	683.0	–	683.0
	1,315.6	–	1,315.6	1,275.6	–	1,275.6
Depreciation and amortisation:						
Depreciation of tangible assets	1,000.3	–	1,000.3	998.8	–	998.8
Depreciation of right-of-use assets	104.3	–	104.3	91.7	–	91.7
Amortisation of intangibles	–	61.5	61.5	–	61.7	61.7
	1,104.6	61.5	1,166.1	1,090.5	61.7	1,152.2
	3,834.3	61.5	3,895.8	3,768.3	61.7	3,830.0

Proceeds from the disposal of non-rental property, plant and equipment amounted to £14m (2020: £12m), resulting in a profit on disposal of £nil (2020: £1m) which is included in other external charges.

The costs shown in the above table include:

	2021 £m	2020 £m
Cost of inventories recognised as expense	512.3	412.8
Net (release)/charge of allowance on trade receivables	(9.6)	62.3

Staff costs include directors' remuneration. Directors' remuneration comprised:

	2021 £'000	2020 £'000
Salaries and short-term employee benefits	3,540	3,028
Post-employment benefits	15	15
National insurance and social security	172	141
Share-based payments	1,855	1,488
	5,582	4,672

Remuneration payable to the Company's auditor, Deloitte LLP, in the year is given below:

	2021 £'000	2020 £'000
Fees payable to Deloitte UK and its associates for the audit of the Group's annual accounts	1,094	942
Fees payable to Deloitte UK and its associates for other services to the Group:		
– the audit of the Group's UK subsidiaries pursuant to legislation	20	20
– audit-related assurance services	76	75
– other assurance services	2	132
	1,192	1,169

Fees paid for audit-related assurance services relate to the half-year review of the Group's interim financial statements. Other assurance services in the prior year relate to comfort letters provided in connection with the senior notes issued in November 2019.

5 EXCEPTIONAL ITEMS AND AMORTISATION

	2021 £m	2020 £m
Amortisation of intangibles	61.5	61.7
Write-off of deferred financing costs	-	3.9
Early redemption fee	-	11.2
Call period interest	-	1.2
Taxation	(15.2)	(19.2)
	46.3	58.8

In the prior year, the costs associated with the redemption of the \$500m 5.625% senior notes in November 2019 were classified as exceptional items. The write-off of deferred financing costs consisted of the unamortised balance of the costs relating to the notes. In addition, an early redemption fee of £11m (\$15m) was paid to redeem the notes prior to their scheduled maturity. The call period interest represents the interest charge on the \$500m notes for the period from the issue of the new \$1.2bn notes to the date the \$500m notes were redeemed. Of these items, total cash costs were £12m.

The items detailed in the table above are presented in the income statement as follows:

	2021 £m	2020 £m
Amortisation of intangibles	61.5	61.7
Charged in arriving at operating profit	61.5	61.7
Interest expense	-	16.3
Charged in arriving at profit before taxation	61.5	78.0
Taxation	(15.2)	(19.2)
	46.3	58.8

6 INTEREST EXPENSE

	2021 £m	2020 £m
Bank interest payable	36.2	75.8
Interest payable on senior notes	100.0	95.8
Interest payable on lease liabilities	53.6	45.5
Net interest on the net defined benefit pension plan liability	0.1	-
Non-cash unwind of discount on provisions	1.1	1.2
Amortisation of deferred debt raising costs	8.3	6.2
Total interest expense	199.3	224.5
Interest expense before exceptional items	199.3	224.5
Exceptional items	-	16.3
Interest expense	199.3	240.8

7 TAXATION

The tax charge on the result for the year has been computed using a tax rate of 25% in the US (2020: 25%), 19% in the UK (2020: 19%) and 26% in Canada (2020: 27%). The blended rate for the Group as a whole is 25% (2020: 25%). The Group's future effective tax rate will depend on the mix of profits amongst the territories in which it operates and their respective tax rates.

	2021 £m	2020 £m
Analysis of the tax charge		
Current tax		
– current tax on income for the year	309.0	117.8
– adjustments to prior year	6.8	(34.5)
	315.8	83.3
Deferred tax		
– origination and reversal of temporary differences	(75.1)	131.4
– adjustments to prior year	(2.1)	28.4
	(77.2)	159.8
Total taxation charge	238.6	243.1
Comprising:		
– United Kingdom	23.0	18.8
– United States	210.9	226.9
– Canada	4.7	(2.6)
	238.6	243.1

The tax charge comprises a charge of £254m (2020: £262m) relating to tax on the profit before exceptional items and amortisation, together with a credit of £15m (2020: credit of £19m) on exceptional items and amortisation.

The differences between the tax charge for the year of 25% and the standard rate of corporation tax in the UK of 19% are explained below:

	2021 £m	2020 £m
Profit on ordinary activities before tax	936.0	982.8
Profit on ordinary activities multiplied by the rate of corporation tax in the UK of 19% (2020: 19%)	177.8	186.7
Effects of:		
Use of foreign tax rates on overseas income	52.5	57.9
Adjustments to prior years	4.7	(6.1)
Other	3.6	4.6
Total taxation charge	238.6	243.1

8 EARNINGS PER SHARE

	2021			2020		
	Earnings £m	Weighted average no. of shares million	Per share amount pence	Earnings £m	Weighted average no. of shares million	Per share amount pence
Basic earnings per share	697.4	447.9	155.7	739.7	456.4	162.1
Share options and share plan awards	-	1.4	(0.5)	-	1.6	(0.6)
Diluted earnings per share	697.4	449.3	155.2	739.7	458.0	161.5

Adjusted earnings per share may be reconciled to basic earnings per share as follows:

	2021 pence	2020 pence
Basic earnings per share	155.7	162.1
Amortisation of intangibles	13.7	13.5
Exceptional items	-	3.6
Tax on exceptional items and amortisation	(3.4)	(4.2)
Adjusted earnings per share	166.0	175.0

9 DIVIDENDS

	2021 £m	2020 £m
Final dividend paid on 11 September 2020 of 33.5p (2020: 33.5p) per 10p ordinary share	150.1	154.4
Interim dividend paid on 3 February 2021 of 7.15p (2020: 7.15p) per 10p ordinary share	32.0	32.3
	182.1	186.7

In addition, the directors are proposing a final dividend in respect of the year ended 30 April 2021 of 35.0p (2020: 33.5p) per share which will absorb £157m of shareholders' funds, based on the 447m shares qualifying for dividend on 14 June 2021. Subject to approval by shareholders, it will be paid on 21 September 2021 to shareholders who are on the register of members on 20 August 2021.

10 INVENTORIES

	2021 £m	2020 £m
Raw materials, consumables and spares	33.3	29.4
Goods for resale	40.5	53.9
	73.8	83.3

11 TRADE AND OTHER RECEIVABLES

	2021 £m	2020 £m
Trade receivables	723.7	775.8
Less: loss allowance	(53.3)	(99.5)
	670.4	676.3
Other receivables		
– Accrued revenue	56.1	49.3
– Other	56.2	96.0
	782.7	821.6

The fair values of trade and other receivables are not materially different to the carrying values presented.

a) Trade receivables: credit risk

The Group's exposure to the credit risk inherent in its trade receivables and the associated risk management techniques that the Group deploys in order to mitigate this risk are discussed in Note 25. The credit periods offered to customers vary according to the credit risk profiles of, and the invoicing conventions established in, the Group's markets. The contractual terms on invoices issued to customers vary between North America and the UK in that, invoices issued by Sunbelt UK are payable within 30-60 days, whereas invoices issued by Sunbelt US and Sunbelt Canada are payable on receipt. Therefore, on this basis, a significant proportion of the Group's trade receivables are contractually past due. The loss allowance is calculated based on prior experience reflecting the level of uncollected receivables over the last year within each business adjusted for factors that are specific to the receivables, the industry in which we operate and the economic environment. Accordingly, the loss allowance cannot be attributed to specific receivables so the aged analysis of trade receivables, including those past due, is shown gross of the loss allowance.

On this basis, the ageing analysis of trade receivables, including those past due, is as follows:

	Trade receivables past due by:					Total £m
	Current £m	Less than 30 days £m	30 – 60 days £m	60 – 90 days £m	More than 90 days £m	
Carrying value at 30 April 2021	93.0	352.6	163.0	49.0	66.1	723.7
Carrying value at 30 April 2020	48.9	314.5	191.6	81.1	139.7	775.8

In practice, Sunbelt US and Sunbelt Canada operate on 30-day terms and consider receivables past due if they are unpaid after 30 days. On this basis, the Group's ageing of trade receivables, including those past due, is as follows:

	Trade receivables past due by:					Total £m
	Current £m	Less than 30 days £m	30 – 60 days £m	60 – 90 days £m	More than 90 days £m	
Carrying value at 30 April 2021	415.4	184.4	55.8	21.9	46.2	723.7
Carrying value at 30 April 2020	338.3	208.9	84.4	59.3	84.9	775.8

b) Movement in the loss allowance

	2021 £m	2020 £m
At 1 May	99.5	53.4
Amounts written off or recovered during the year	(31.1)	(17.8)
(Decrease)/increase in allowance recognised in income statement	(9.6)	62.3
Currency movements	(5.5)	1.6
At 30 April	53.3	99.5

12 CASH AND CASH EQUIVALENTS

	2021 £m	2020 £m
Cash and cash equivalents	19.2	241.4

The carrying amount of cash and cash equivalents approximates to their fair value.

13 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings £m	Rental equipment £m	Office and workshop equipment £m	Motor vehicles		Total £m
				Owned £m	Held under finance leases £m	
Cost or valuation						
At 1 May 2019	257.3	8,282.4	180.4	577.0	7.1	9,304.2
Effect of adoption of IFRS 16	-	-	-	-	(7.1)	(7.1)
Exchange differences	6.1	235.0	4.4	16.0	-	261.5
Acquisitions	39.5	318.6	12.7	17.7	-	388.5
Reclassifications	-	(3.6)	1.1	2.5	-	-
Additions	31.9	1,274.3	41.5	135.3	-	1,483.0
Disposals	(4.5)	(697.2)	(8.3)	(49.7)	-	(759.7)
At 30 April 2020	330.3	9,409.5	231.8	698.8	-	10,670.4
Exchange differences	(21.9)	(684.1)	(16.4)	(51.1)	-	(773.5)
Acquisitions	-	86.7	-	4.0	-	90.7
Reclassifications	-	(2.8)	(0.3)	1.8	-	(1.3)
Additions	27.3	613.3	40.0	37.5	-	718.1
Disposals	(4.0)	(860.0)	(8.4)	(52.2)	-	(924.6)
At 30 April 2021	331.7	8,562.6	246.7	638.8	-	9,779.8
Depreciation						
At 1 May 2019	87.9	2,869.1	113.2	244.7	2.3	3,317.2
Effect of adoption of IFRS 16	-	-	-	-	(2.3)	(2.3)
Exchange differences	1.9	80.2	2.9	6.8	-	91.8
Acquisitions	8.8	162.7	7.8	9.8	-	189.1
Reclassifications	-	(1.5)	0.5	1.0	-	-
Charge for the period	18.0	879.6	30.2	71.0	-	998.8
Disposals	(4.3)	(470.7)	(7.3)	(40.7)	-	(523.0)
At 30 April 2020	112.3	3,519.4	147.3	292.6	-	4,071.6
Exchange differences	(6.9)	(262.0)	(10.7)	(22.1)	-	(301.7)
Acquisitions	-	41.5	-	2.4	-	43.9
Reclassifications	-	(1.7)	(0.4)	0.8	-	(1.3)
Charge for the period	19.9	873.3	34.6	72.5	-	1,000.3
Disposals	(3.1)	(598.1)	(6.8)	(41.5)	-	(649.5)
At 30 April 2021	122.2	3,572.4	164.0	304.7	-	4,163.3
Net book value						
At 30 April 2021	209.5	4,990.2	82.7	334.1	-	5,616.5
At 30 April 2020	218.0	5,890.1	84.5	406.2	-	6,598.8

£16m of rebuild costs were capitalised in the year (2020: £15m). Included within depreciation is an impairment charge of £nil (2020: £9m).

14 RIGHT-OF-USE ASSETS

	Property leases £m	Other leases £m	Total £m
Cost or valuation			
Effect of adoption of IFRS 16 at 1 May 2019	889.5	7.1	896.6
Exchange differences	25.3	–	25.3
Additions	191.5	1.6	193.1
Acquisitions	74.8	–	74.8
Remeasurement	(3.4)	–	(3.4)
Disposals	(3.6)	(1.4)	(5.0)
At 30 April 2020	1,174.1	7.3	1,181.4
Exchange differences	(89.0)	–	(89.0)
Additions	145.0	6.0	151.0
Acquisitions	18.2	–	18.2
Remeasurement	45.9	–	45.9
Disposals	(3.3)	(0.9)	(4.2)
At 30 April 2021	1,290.9	12.4	1,303.3
Depreciation			
Effect of adoption of IFRS 16 at 1 May 2019	–	2.3	2.3
Charge for the period	90.5	1.2	91.7
Disposals	(0.1)	(0.8)	(0.9)
At 30 April 2020	90.4	2.7	93.1
Exchange differences	(9.7)	–	(9.7)
Charge for the period	102.9	1.4	104.3
Disposals	(0.4)	(0.6)	(1.0)
At 30 April 2021	183.2	3.5	186.7
Net book value			
At 30 April 2021	1,107.7	8.9	1,116.6
At 30 April 2020	1,083.7	4.6	1,088.3

Included within depreciation is an impairment charge of £9m (2020: £nil).

On transition, the right-of-use asset was adjusted for the impact of onerous lease provisions (£1m) and lease prepayments (£8m).

15 INTANGIBLE ASSETS INCLUDING GOODWILL

	Other intangible assets				Total £m	Total £m
	Goodwill £m	Brand names £m	Customer lists £m	Contract related £m		
Cost or valuation						
At 1 May 2019	1,144.7	21.1	405.9	64.6	491.6	1,636.3
Recognised on acquisition	163.7	1.2	118.3	2.8	122.3	286.0
Exchange differences	31.9	0.6	10.4	1.3	12.3	44.2
At 30 April 2020	1,340.3	22.9	534.6	68.7	626.2	1,966.5
Recognised on acquisition	50.1	–	27.3	0.9	28.2	78.3
Exchange differences	(93.1)	(1.6)	(26.7)	(3.3)	(31.6)	(124.7)
At 30 April 2021	1,297.3	21.3	535.2	66.3	622.8	1,920.1
Amortisation						
At 1 May 2019	–	20.4	166.6	44.0	231.0	231.0
Charge for the period	–	0.9	53.6	7.2	61.7	61.7
Exchange differences	–	0.6	5.7	1.1	7.4	7.4
At 30 April 2020	–	21.9	225.9	52.3	300.1	300.1
Charge for the period	–	0.3	55.1	6.3	61.7	61.7
Exchange differences	–	(1.7)	(14.4)	(2.7)	(18.8)	(18.8)
At 30 April 2021	–	20.5	266.6	55.9	343.0	343.0
Net book value						
At 30 April 2021	1,297.3	0.8	268.6	10.4	279.8	1,577.1
At 30 April 2020	1,340.3	1.0	308.7	16.4	326.1	1,666.4

Goodwill acquired in a business combination is allocated at acquisition to the cash-generating units ('CGUs') that benefit from that business combination. Goodwill allocated to each of the Group's CGUs is as follows:

	2021 £m	2020 £m
US		
Power & HVAC	45.2	49.5
Climate Control	54.3	59.6
General equipment and related businesses	951.7	989.4
	1,051.2	1,098.5
UK		
Engineered Access (formally Live)	25.8	25.8
General equipment and related businesses	57.7	57.7
	83.5	83.5
Canada		
General equipment and related businesses	162.6	158.3
Total goodwill	1,297.3	1,340.3

For the purposes of determining potential goodwill impairment, recoverable amounts are determined from value in use calculations using cash flow projections based on the Group's financial plans covering a three-year period which were adopted and approved by the Board in April 2021. The key assumptions for these financial plans are those regarding revenue growth, margins and capital expenditure required to replace the rental fleet and support the growth forecast which management estimates based on past experience, market conditions and expectations for the future development of the market. The projections consist of the 2021/22 budget, a further two years from the Group's business plan and a further seven years' cash flows. The valuation uses an annual growth rate to determine the cash flows beyond the three-year forecast period of 2%, which does not exceed the average long-term growth rates for the relevant markets, a terminal value reflective of market multiples and discount rates of 12% (2020: 11%), 11% (2020: 10%) and 12% (2020: 11%) for the US, UK and Canadian businesses respectively. The discount rates for each country are determined by reference to the Group's weighted average cost of capital.

The impairment review is potentially sensitive to changes in key assumptions used, most notably the discount rate and the annuity growth rates. A sensitivity analysis has been undertaken by changing the key assumptions used for each CGU in the US, UK and Canada. Based on this sensitivity analysis, no reasonably possible change in the assumptions resulted in the recoverable amount for the CGUs identified above being reduced to their carrying value.

15 INTANGIBLE ASSETS INCLUDING GOODWILL (CONTINUED)

US

General equipment and related businesses

Revenue for the general equipment business is linked primarily to US non-residential construction spend, which is expected to grow during the business plan period as markets recover following the initial impact of the COVID-19 pandemic. These businesses have grown more rapidly than both the non-residential construction market and the broader rental market in recent years and this outperformance is expected to continue over the business plan period, although not necessarily to the same degree. EBITDA margins are forecast to improve slightly as the businesses benefit from recovering market conditions, operational efficiencies and increased scale.

Power & HVAC and Climate Control

Revenue for the Power & HVAC and Climate Control businesses is in part linked to the level of non-residential construction and also general levels of economic activity. These businesses are also expected to benefit from increased rental penetration. EBITDA margins are forecast to improve slightly as the businesses benefit from operational efficiencies and increased scale.

UK

Revenue for each of the UK CGUs is linked primarily to UK non-residential construction spend. This market is more challenging than in the US with structural growth opportunities more difficult to achieve due to a higher level of rental penetration in the market. The market is expected to improve with broader economic conditions during the business plan period, following the impact from the COVID-19 pandemic. The Engineered Access business is also reliant on the events market which has been impacted significantly by the pandemic. The level of business activity is therefore expected to increase as the events market returns. EBITDA margins are forecast to improve as the businesses focus on operational improvement and leveraging the platform through Project Unify, as the market improves.

Canada

Revenue for Canada is linked primarily to Canadian non-residential construction spend which, based on market estimates, is expected to grow during the business plan period. The Canadian business has grown over the last three years more quickly than non-residential construction and we expect it to continue to perform ahead of the market over the forecast period, although not necessarily to the same degree as over recent years. EBITDA margins are forecast to increase as the business benefits from the integration of recent acquisitions, improving market conditions and increased scale.

16 OTHER NON-CURRENT ASSETS

	2021 £m	2020 £m
Other non-current assets	69.0	–

Other non-current assets include amounts paid to HMRC in accordance with the charging notice received in relation to the ongoing state aid investigation (£36m). Other non-current asset amounts have been reclassified from current assets in the year.

17 TRADE AND OTHER PAYABLES

	2021 £m	2020 £m
Trade payables	156.2	153.1
Other taxes and social security	61.7	64.2
Accruals and deferred income	374.0	357.4
	591.9	574.7

Trade and other payables include amounts relating to the purchase of fixed assets of £97m (2020: £106m). The fair values of trade and other payables are not materially different from the carrying values presented.

18 LEASE LIABILITIES

Amounts recognised in the balance sheet

	2021 £m	2020 £m
Maturity analysis – undiscounted cash flows:		
Less than one year	125.9	109.3
One to two years	118.7	120.5
Two to three years	117.4	112.0
Three to four years	115.5	110.4
Four to five years	112.4	107.7
More than five years	1,106.4	1,080.0
Total undiscounted lease liabilities at 30 April	1,696.3	1,639.9
Impact of discounting	(516.6)	(527.7)
Lease liabilities included in the balance sheet	1,179.7	1,112.2
Included in current liabilities	121.9	106.0
Included in non-current liabilities	1,057.8	1,006.2
	1,179.7	1,112.2

Amounts recognised in the income statement

	2021 £m	2020 £m
Depreciation of right-of-use assets	104.3	91.7
Interest on lease liabilities	53.6	45.5
Expense relating to short-term leases	1.6	4.4
Expense relating to variable lease payments	9.7	3.3
	169.2	144.9
Income from sub-leasing right-of-use assets	(10.6)	(0.9)
	158.6	144.0

Amounts recognised in the statement of cash flows

	2021 £m	2020 £m
Financing costs paid in relation to lease liabilities	55.0	43.9
Repayment of principal under lease liabilities	56.0	64.3
Total cash outflow for leases	111.0	108.2

19 BORROWINGS

	2021 £m	2020 £m
Non-current		
First priority senior secured bank debt	885.0	2,141.9
4.125% senior notes, due 2025	429.6	470.8
5.250% senior notes, due 2026	428.6	469.6
4.375% senior notes, due 2027	429.0	470.2
4.000% senior notes, due 2028	428.6	469.9
4.250% senior notes, due 2029	428.5	469.8
	3,029.3	4,492.2

The senior secured bank debt is secured by way of fixed and floating charges over substantially all the Group's property, plant and equipment, inventory and trade receivables. The senior notes are guaranteed by Ashtead Group plc and all its principal subsidiary undertakings.

First priority senior secured credit facility

At 30 April 2021, \$4.1bn was committed by our senior lenders under the asset-based senior secured revolving credit facility ('ABL facility') until December 2023. The amount utilised was \$1,294m (including letters of credit totalling \$52m). The ABL facility is secured by a first priority interest in substantially all of the Group's assets. Pricing for the \$4.1bn revolving credit facility is based on leverage and average availability according to a grid, varying from LIBOR plus 125bp to LIBOR plus 175bp and at 30 April 2021, the borrowing rate was LIBOR plus 125bp.

The only financial performance covenant under the asset-based first priority senior bank facility is a fixed charge ratio (comprising LTM EBITDA before exceptional items less LTM net capital expenditure paid in cash over the sum of scheduled debt repayments plus cash interest, cash tax payments and dividends paid in the last 12 months) which must be equal to or greater than 1.0 times.

This covenant does not, however, apply when availability (the difference between the borrowing base and facility utilisation) exceeds \$410m. At 30 April 2021 availability under the bank facility for covenant purposes was \$3,011m (\$2,363m at 30 April 2020, including cash on the balance sheet), with an additional \$2,054m of suppressed availability meaning that the covenant was not measured at 30 April 2021 and is unlikely to be measured in forthcoming quarters.

Senior notes

At 30 April 2021 the Group, through its wholly owned subsidiary Ashtead Capital, Inc., had five series of senior notes outstanding, each with a nominal value of \$600m. The 4.125% notes are due on 15 August 2025, the 5.250% notes are due on 1 August 2026, the 4.375% notes are due on 15 August 2027, the 4.000% notes are due on 1 May 2028 and the 4.250% notes are due on 1 November 2029. Under the terms of the notes, financial performance covenants under the senior notes are only measured at the time new debt is raised.

The effective rates of interest at the balance sheet date were as follows:

		2021	2020
First priority senior secured bank debt	- revolving advances in dollars	1.51%	2.58%
Senior notes	- \$600m nominal value	4.125%	4.125%
	- \$600m nominal value	5.250%	5.250%
	- \$600m nominal value	4.375%	4.375%
	- \$600m nominal value	4.000%	4.000%
	- \$600m nominal value	4.250%	4.250%

20 PROVISIONS

	Insurance £m	Vacant property £m	Contingent consideration £m	Total £m
At 1 May 2020	56.7	–	35.9	92.6
Acquired businesses	–	–	5.3	5.3
Exchange differences	(3.7)	–	(0.6)	(4.3)
Utilised	(31.5)	(0.5)	(19.0)	(51.0)
Released	–	–	(1.9)	(1.9)
Charged in the year	34.2	7.0	–	41.2
Amortisation of discount	0.6	–	0.5	1.1
At 30 April 2021	56.3	6.5	20.2	83.0

	2021 £m	2020 £m
Included in current liabilities	39.0	53.7
Included in non-current liabilities	44.0	38.9
	83.0	92.6

Insurance provisions relate to the discounted estimated gross liability in respect of claims to be incurred under the Group's insurance programmes for events occurring up to the year-end and are expected to be utilised over a period of approximately eight years. The provision is established based on advice received from independent actuaries of the estimated total cost of the insured risk based on historical claims experience. £14m (2020: £18m) of this total liability is due from insurers and is included within 'other receivables'.

The provision for contingent consideration relates to recent acquisitions and is expected to be paid out over the next three years and is reassessed at each reporting date.

21 DEFERRED TAX

	Accelerated tax depreciation £m	Tax losses £m	Other assets from temporary differences £m	Other liabilities from temporary differences £m	Total £m
At 1 May 2020	1,327.9	(12.0)	(90.0)	48.4	1,274.3
Exchange differences	(108.1)	(0.2)	7.6	(1.4)	(102.1)
(Credited)/charged to income statement	(78.5)	7.1	(6.6)	0.8	(77.2)
(Credited)/charged to equity	–	–	(1.5)	0.3	(1.2)
Acquisitions	–	(0.1)	–	–	(0.1)
At 30 April 2021	1,141.3	(5.2)	(90.5)	48.1	1,093.7

The Group has not recognised a deferred tax asset in respect of losses carried forward in a non-trading UK company of £6m (2020: £6m) as it is not considered probable this deferred tax asset will be utilised.

At the balance sheet date, no temporary differences associated with undistributed earnings of subsidiaries are considered to exist as UK tax legislation largely exempts overseas dividends received from UK tax.

Subsequent to the balance sheet date, UK legislation was substantively enacted which increases the UK corporation tax rate to 25% from 1 April 2023. If the increased rate had been in effect at 30 April 2021, the UK deferred tax liability would have been £7m higher.

22 SHARE CAPITAL AND RESERVES

	30 April 2021 Number	30 April 2020 Number	30 April 2021 £m	30 April 2020 £m
Ordinary shares of 10p each: Issued and fully paid	451,354,833	454,194,833	45.1	45.4

In September 2020, 2.9m shares held in treasury were cancelled. At 30 April 2021 after the cancellation of these shares, 2.0m (April 2020: 4.9m) shares were held by the Company (2021: £51m; 2020: £116m) and a further 1.4m (April 2020: 1.5m) shares were held by the Company's ESOT (2021: £29m; 2020: £28m).

23 SHARE-BASED PAYMENTS

The ESOT facilitates the provision of shares under the Group's Performance Share Plan ('PSP') and Strategic Plan Award ('SPA'). It holds a beneficial interest in 1,396,425 ordinary shares of the Company acquired at an average cost of 2,066p per share. The shares had a market value of £65m at 30 April 2021. The ESOT has waived the right to receive dividends on the shares it holds. The costs of operating the ESOT are borne by the Group but are not significant.

Details of the PSP are given on pages 100 and 107 and the SPA on page 96. The costs of these schemes are charged to the income statement over the vesting period, based on the fair value of the award at the grant date and the likelihood of allocations vesting under the scheme. In 2021, there was a net charge to pre-tax profit in respect of these schemes of £7m (2020: £8m). After tax, the total charge was £6m (2020: £6m).

The fair value of awards granted during the year is estimated using a Black-Scholes option pricing model. For the PSP, the following assumptions were utilised: share price at grant date of 2,736p, nil exercise price, a dividend yield of 1.80%, volatility of 33.46%, a risk-free rate of nil% and an expected life of three years. For the SPA, the following assumptions were utilised: share price at grant date of 4,650p, nil exercise price, a dividend yield of 1.36%, volatility of 50.30%, a risk-free rate of 0.13% and an expected life of three years.

Expected volatility was determined by calculating the historical volatility over the previous three years. The expected life used in the model is based on the terms of the plan.

Details of the awards outstanding during the year are as follows:

	2021 Number	2020 Number
Outstanding at 1 May	1,664,555	2,050,278
Granted	1,912,676	600,956
Exercised	(577,961)	(858,585)
Expired	(34,126)	(128,094)
Outstanding at 30 April	2,965,144	1,664,555
Exercisable at 30 April	-	-

24 PENSIONS

Defined contribution plans

The Group operates pension plans for the benefit of qualifying employees. The plans for new employees throughout the Group are all defined contribution plans. Pension costs for defined contribution plans were £22m (2020: £20m).

Defined benefit plan

The Group also has a defined benefit plan which was closed to new members in 2001 and closed to future accrual in October 2020. The plan is a funded defined benefit plan with trustee-administered assets held separately from those of the Group. The Trustees are composed of representatives of both the Company and plan members. The Trustees are required by law to act in the interest of all relevant beneficiaries and are responsible for the investment policy of the assets and the day-to-day administration of the benefits.

The plan is a final salary plan which provides members a guaranteed level of pension payable for life. The level of benefits provided by the plan depends on members' length of service and their salary at the date of leaving the plan.

The plan's duration is an indicator of the weighted-average time until benefit payments are made. For the plan as a whole, the duration at 30 April 2021 is approximately 19 years. The estimated amount of contributions expected to be paid by the Group to the plan during the 2021/22 financial year is £2m.

The plan exposes the Group to a number of risks, the most significant being investment risk, interest rate risk, inflation risk and life expectancy risk.

The most recent actuarial valuation was carried out as at 30 April 2019 by a qualified independent actuary and showed a funding surplus of £1.5m. The actuary was engaged by the Company to perform a valuation in accordance with IAS 19 (revised) as at 30 April 2021. The principal financial assumptions made by the actuary were as follows:

	2021	2020
Discount rate	2.0%	1.6%
Inflation assumption – RPI	3.2%	2.5%
– CPI	2.4%	1.7%
Rate of increase in salaries	n/a	2.5%
Rate of increase in pensions in payment	3.1%	2.5%

Pensioner life expectancy assumed in the 30 April 2021 update is based on the 'S3PA CMI 2020' projection model mortality tables adjusted so as to apply a minimum annual rate of improvement of 1.25% a year. Samples of the ages to which pensioners are assumed to live are as follows:

	2021	2020
Life expectancy of pensioners currently aged 65		
Male	86.2	86.2
Female	88.0	87.9
Life expectancy at age 65 for future pensioner currently aged 45		
Male	87.5	87.5
Female	89.5	89.5

The plan's assets are invested in the following asset classes:

	Fair value	
	2021 £m	2020 £m
UK equities	29.0	31.4
US equities	33.5	23.8
European equities	-	3.0
Japanese equities	5.9	4.4
Emerging market equities	3.8	2.4
Global loan fund	9.8	8.6
Liability driven investment funds	19.5	6.3
Property	-	11.7
Infrastructure	8.2	7.3
Cash and cash equivalents	4.8	0.1
	114.5	99.0

The amounts recognised in the balance sheet are determined as follows:

	2021 £m	2020 £m
Fair value of plan assets	114.5	99.0
Present value of funded defined benefit obligation	(110.0)	(111.1)
Net asset/(liability) recognised in the balance sheet	4.5	(12.1)

The components of the defined benefit cost recognised in the income statement are as follows:

	2021 £m	2020 £m
Current service cost	0.4	1.1
Past service cost	(1.9)	-
Net interest on the net defined benefit plan	0.1	-
Net (income)/charge to the income statement	(1.4)	1.1

24 PENSIONS (CONTINUED)

The remeasurements of the defined benefit plan recognised in the statement of comprehensive income are as follows:

	2021 £m	2020 £m
Actuarial loss due to changes in financial assumptions	(3.0)	(4.5)
Actuarial gain due to changes in demographic assumptions	0.2	1.1
Actuarial gain arising from experience adjustments	1.1	1.2
Return on plan assets excluding amounts recognised in net interest	15.6	(8.6)
Remeasurement of the defined benefit pension plan	13.9	(10.8)

Movements in the present value of the defined benefit obligation were as follows:

	2021 £m	2020 £m
At 1 May	111.1	108.0
Current service cost	0.4	1.1
Past service cost	(1.9)	–
Interest cost	1.7	2.6
Contributions from members	0.1	0.2
Remeasurements		
– Actuarial loss due to changes in financial assumptions	3.0	4.5
– Actuarial gain due to changes in demographic assumptions	(0.2)	(1.1)
– Actuarial gain arising from experience adjustments	(1.1)	(1.2)
Benefits paid	(3.1)	(3.0)
At 30 April	110.0	111.1

The key assumptions used in valuing the defined benefit obligation are: discount rate, inflation and mortality. The sensitivity of the results to these assumptions is as follows:

- An increase in the discount rate of 0.5% would result in a £9m (2020: £10m) decrease in the defined benefit obligation.
- An increase in the inflation rate of 0.5% would result in a £9m (2020: £9m) increase in the defined benefit obligation. This includes the resulting change to other assumptions that are related to inflation such as pensions and salary growth.
- A one-year increase in the pensioner life expectancy at age 65 would result in a £6m (2020: £5m) increase in the defined benefit obligation.

The above sensitivity analyses have been determined based on reasonably possible changes to the significant assumptions, while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some assumptions may be correlated. The sensitivity information shown above has been prepared using the same method as adopted when adjusting the results of the latest funding valuation to the balance sheet date. This is the same approach as has been adopted in previous periods.

Movements in the fair value of plan assets were as follows:

	2021 £m	2020 £m
At 1 May	99.0	107.1
Interest income	1.6	2.6
Remeasurement – return on plan assets excluding amounts recognised in net interest	15.6	(8.6)
Employer contributions	1.3	0.7
Contributions from members	0.1	0.2
Benefits paid	(3.1)	(3.0)
At 30 April	114.5	99.0

The actual return on plan assets was a £17m gain (2020: £6m loss).

25 FINANCIAL RISK MANAGEMENT

The Group's trading and financing activities expose it to various financial risks that, if left unmanaged, could adversely impact on current or future earnings. Although not necessarily mutually exclusive, these financial risks are categorised separately according to their different generic risk characteristics and include market risk (foreign currency risk and interest rate risk), credit risk and liquidity risk.

It is the role of the Group treasury function to manage and monitor the Group's financial risks and internal and external funding requirements in support of the Group's corporate objectives. Treasury activities are governed by policies and procedures approved by the Board and monitored by the Finance and Administration Committee. In particular, the Board of directors or, through delegated authority, the Finance and Administration Committee, approves any derivative transactions. Derivative transactions are only undertaken for the purposes of managing interest rate risk and currency risk. The Group does not trade in financial instruments. The Group maintains treasury control systems and procedures to monitor liquidity, currency, credit and financial risks. The Group reports its financial results and pays dividends in pounds sterling.

Market risk

The Group's activities expose it primarily to interest rate and currency risk. Interest rate risk is monitored on a continuous basis and managed, where appropriate, through the use of interest rate swaps, whereas the use of forward foreign exchange contracts to manage currency risk is considered on an individual non-trading transaction basis. The Group is not exposed to commodity price risk or equity price risk as defined in IFRS 7.

Interest rate risk

Management of fixed and variable rate debt

The Group has fixed and variable rate debt in issue with 71% of the drawn debt at a fixed rate as at 30 April 2021, excluding lease liabilities. The Group's accounting policy requires all borrowings to be held at amortised cost. As a result, the carrying value of fixed rate debt is unaffected by changes in credit conditions in the debt markets and there is therefore no exposure to fair value interest rate risk. The Group's debt that bears interest at a variable rate comprises all outstanding borrowings under the senior secured credit facility. The interest rates currently applicable to this variable rate debt are LIBOR as applicable to the currency borrowed plus 125bps. The Group periodically utilises interest rate swap agreements to manage and mitigate its exposure to changes in interest rates. However, during the year ended and as at 30 April 2021, the Group had no such swap agreements outstanding. The Group also may at times hold cash and cash equivalents which earn interest at a variable rate.

Net variable rate debt sensitivity

At 30 April 2021, based upon the amount of variable rate debt outstanding, the Group's pre-tax profits would change by approximately £9m for each one percentage point change in interest rates applicable to the variable rate debt and, after tax effects, equity would change by approximately £6m. The amount of the Group's variable rate debt may fluctuate as a result of changes in the amount of debt outstanding under the senior secured credit facility.

Currency risk

Currency risk is limited to translation risk as there are no transactions in the ordinary course of business that take place between foreign entities. The Group's reporting currency is the pound sterling. However, the majority of our assets, liabilities, revenue and costs are denominated in US dollars. The Group has arranged its financing such that, at 30 April 2021, 97% of its debt was denominated in US (and Canadian) dollars so that there is a natural partial offset between its dollar-denominated net assets and earnings and its dollar-denominated debt and interest expense. At 30 April 2021, dollar-denominated debt represented approximately 61% of the value of dollar-denominated net assets (other than debt).

The Group's exposure to exchange rate movements on trading transactions is relatively limited. All Group companies invoice revenue in their respective local currency and generally incur expense and purchase assets in their local currency. Consequently, the Group does not routinely hedge either forecast foreign currency exposures or the impact of exchange rate movements on the translation of overseas profits into sterling. Where the Group does hedge, it maintains appropriate hedging documentation. Foreign exchange risk on significant non-trading transactions (e.g. acquisitions) is considered on an individual basis.

Resultant impacts of reasonably possible changes to foreign exchange rates

Based upon the level of US operations and the US dollar-denominated debt balance, at 30 April 2021 a 1% change in the US dollar-pound exchange rate would have impacted our pre-tax profits by approximately £9m and equity by approximately £34m. At 30 April 2021, the Group had no outstanding foreign exchange contracts.

Credit risk

The Group's principal financial assets are cash and bank balances and trade and other receivables. The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of loss allowances. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. The carrying amount of financial assets recorded in the financial statements, which are net of impairment losses, represent the Group's maximum exposure to credit risk.

The Group has a large number of unrelated customers, serving over 815,000 during the financial year, and does not have any significant credit exposure to any particular customer. Each business segment manages its own exposure to credit risk according to the economic circumstances and characteristics of the markets they serve. The Group believes that management of credit risk on a devolved basis enables it to assess and manage it more effectively. However, broad principles of credit risk management practice are observed across the Group, such as the use of credit reference agencies and the maintenance of credit control functions.

25 FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk

Liquidity risk is the risk that the Group could experience difficulties in meeting its commitments to creditors as financial liabilities fall due for payment.

The Group generates significant free cash flow before investment (defined as cash flow from operations less replacement capital expenditure net of proceeds of asset disposals, interest paid and tax paid). This free cash flow before investment is available to the Group to invest in growth capital expenditure, acquisitions, dividend payments and other returns to shareholders or to reduce debt.

In addition to the strong free cash flow from normal trading activities, additional liquidity is available through the Group's ABL facility. At 30 April 2021, availability under the \$4.1bn facility was \$3,011m (£2,175m), which compares with the threshold of \$410m, above which the covenant does not apply.

Contractual maturity analysis

Trade receivables, the principal class of non-derivative financial asset held by the Group, are settled gross by customers.

The following table presents the Group's outstanding contractual maturity profile for its non-derivative financial liabilities, excluding trade and other payables which fall due within one year and lease liabilities which are analysed in Note 18. The analysis presented is based on the undiscounted contractual maturities of the Group's financial liabilities, including any interest that will accrue, except where the Group is entitled and intends to repay a financial liability, or part of a financial liability, before its contractual maturity. The undiscounted cash flows have been calculated using foreign currency exchange rates and interest rates ruling at the balance sheet date.

At 30 April 2021

	Undiscounted cash flows – year to 30 April						Total £m
	2022 £m	2023 £m	2024 £m	2025 £m	2026 £m	Thereafter £m	
Bank and other debt	–	–	885.0	–	–	–	885.0
4.125% senior notes	–	–	–	–	433.4	–	433.4
5.250% senior notes	–	–	–	–	–	433.4	433.4
4.375% senior notes	–	–	–	–	–	433.4	433.4
4.000% senior notes	–	–	–	–	–	433.4	433.4
4.250% senior notes	–	–	–	–	–	433.4	433.4
	–	–	885.0	–	433.4	1,733.6	3,052.0
Interest payments	107.5	107.5	103.4	95.3	82.7	129.2	625.6
	107.5	107.5	988.4	95.3	516.1	1,862.8	3,677.6

Letters of credit of £37m (2020: £41m) are provided and guaranteed under the ABL facility which expires in December 2023.

At 30 April 2020

	Undiscounted cash flows – year to 30 April						Total £m
	2021 £m	2022 £m	2023 £m	2024 £m	2025 £m	Thereafter £m	
Bank and other debt	–	–	–	2,141.9	–	–	2,141.9
4.125% senior notes	–	–	–	–	–	475.7	475.7
5.250% senior notes	–	–	–	–	–	475.7	475.7
4.375% senior notes	–	–	–	–	–	475.7	475.7
4.000% senior notes	–	–	–	–	–	475.7	475.7
4.250% senior notes	–	–	–	–	–	475.7	475.7
	–	–	–	2,141.9	–	2,378.5	4,520.4
Interest payments	160.0	158.8	158.8	140.8	104.7	232.7	955.8
	160.0	158.8	158.8	2,282.7	104.7	2,611.2	5,476.2

Fair value of financial instruments

Financial assets and liabilities are measured in accordance with the fair value hierarchy and assessed as Level 1, 2 or 3 based on the following criteria:

- Level 1: fair value measurement based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: fair value measurements derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: fair value measurements derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

Fair value of derivative financial instruments

At 30 April 2021, the Group had no derivative financial instruments. The embedded prepayment options included within the senior notes are either closely related to the host debt contract or immaterial and hence, are not accounted for separately. These loan notes are carried at amortised cost.

Fair value of non-derivative financial assets and liabilities

The table below provides a comparison, by category of the carrying amounts and the fair values of the Group's non-derivative financial assets and liabilities at 30 April 2021.

		At 30 April 2021		At 30 April 2020	
		Book value £m	Fair value £m	Book value £m	Fair value £m
Long-term borrowings					
– first priority senior secured bank debt	Level 1	885.0	885.0	2,141.9	2,141.9
– 4.125% senior notes	Level 1	433.4	445.3	475.7	461.4
– 5.250% senior notes	Level 1	433.4	453.4	475.7	479.3
– 4.375% senior notes	Level 1	433.4	453.9	475.7	463.8
– 4.000% senior notes	Level 1	433.4	453.4	475.7	453.1
– 4.250% senior notes	Level 1	433.4	463.2	475.7	453.1
Total long-term borrowings		3,052.0	3,154.2	4,520.4	4,452.6
Deferred costs of raising finance		(22.7)	–	(28.2)	–
		3,029.3	3,154.2	4,492.2	4,452.6
Other financial instruments ¹					
Contingent consideration provision	Level 3	20.2	20.2	35.9	35.9
Cash and cash equivalents	Level 1	19.2	19.2	241.4	241.4

Note

1 The Group's trade and other receivables, trade and other payables and lease liabilities are not shown in the table above. The carrying amounts of trade and other receivables and trade and other payables categories approximate their fair values. Required disclosures relating to lease liabilities are provided in Note 18.

Contingent consideration provisions are a Level 3 financial liability. Future anticipated payments to vendors in respect of contingent consideration are initially recorded at fair value which is the present value of the expected cash outflows of the obligations. The obligations are dependent upon the future financial performance of the businesses acquired. The fair value is estimated based on internal financial projections prepared in relation to the acquisition with the contingent consideration discounted to present value using a discount rate in line with the Group's cost of debt.

26 NOTES TO THE CASH FLOW STATEMENT

a) Cash flow from operating activities

	2021 £m	2020 £m
Operating profit before exceptional items and amortisation	1,196.8	1,285.3
Depreciation	1,104.6	1,090.5
EBITDA before exceptional items	2,301.4	2,375.8
Profit on disposal of rental equipment	(18.8)	(33.3)
Profit on disposal of other property, plant and equipment	(0.4)	(1.2)
Decrease/(increase) in inventories	4.0	(0.5)
(Increase)/decrease in trade and other receivables	(96.8)	94.1
Increase/(decrease) in trade and other payables	89.9	(13.2)
Exchange differences	0.6	0.3
Other non-cash movements	7.2	8.4
Cash generated from operations before exceptional items and changes in rental equipment	2,287.1	2,430.4

b) Acquisitions

	2021 £m	2020 £m
Cash consideration paid		
– acquisitions in the period (net of cash acquired)	123.5	435.8
– contingent consideration	19.0	17.3
	142.5	453.1

During the year, five acquisitions were made for a total cash consideration of £123m (2020: £436m), after taking account of net cash acquired of £nil (2020: £4m). Further details are provided in Note 27.

Payments for contingent consideration on prior year acquisitions were also made of £19m (2020: £17m).

c) Analysis of net debt

Net debt consists of total borrowings less cash and cash equivalents. Borrowings exclude accrued interest. Foreign currency denominated balances are translated to pounds sterling at rates of exchange ruling at the balance sheet date.

	1 May 2020 £m	Cash flow £m	Non-cash movements				30 April 2021 £m
			Exchange movement £m	Debt acquired £m	New lease liabilities £m	Other movements £m	
Long-term borrowings	4,492.2	(1,202.9)	(268.3)	–	–	8.3	3,029.3
Lease liabilities	1,112.2	(56.0)	(82.8)	18.2	188.1	–	1,179.7
Total liabilities from financing activities	5,604.4	(1,258.9)	(351.1)	18.2	188.1	8.3	4,209.0
Cash and cash equivalents	(241.4)	214.3	7.9	–	–	–	(19.2)
Net debt	5,363.0	(1,044.6)	(343.2)	18.2	188.1	8.3	4,189.8

	1 May 2019 £m	Adoption of IFRS 16 £m	Cash flow £m	Non-cash movements				30 April 2020 £m
				Exchange movement £m	Debt acquired £m	New lease liabilities £m	Other movements £m	
Short-term borrowings	2.3	(2.3)	–	–	–	–	–	
Long-term borrowings	3,755.4	(2.7)	606.1	108.6	14.7	–	10.1	
Lease liabilities	–	887.8	(64.3)	25.1	74.8	188.8	–	
Total liabilities from financing activities	3,757.7	882.8	541.8	133.7	89.5	188.8	10.1	
Cash and cash equivalents	(12.8)	–	(227.9)	(0.7)	–	–	(241.4)	
Net debt	3,744.9	882.8	313.9	133.0	89.5	188.8	5,363.0	

27 ACQUISITIONS

During the year, the following acquisitions were completed:

- i) On 3 February 2021, Sunbelt US acquired the business and assets of DC Rentals, LLC ('DCR'). DCR is a general tool business in Connecticut.
- ii) On 26 March 2021, Sunbelt US acquired the business and assets of Harford Rental Service, Inc. ('Harford'). Harford is a general tool business in Maryland.
- iii) On 16 April 2021, Sunbelt US acquired the business and assets of American Aerial Equipment, LLC ('American Aerial'). American Aerial is a general tool business in Massachusetts.
- iv) On 23 April 2021, Sunbelt US acquired the business and assets of Ross Aerial Equipment, LLC ('Ross Aerial'). Ross Aerial is a general tool business in Arizona.
- v) On 28 April 2021, Sunbelt US acquired the business and assets of Tomcon Industries, Inc. ('Tomcon'). Tomcon is a general tool business in New York.

The following table sets out the fair value of the identifiable assets and liabilities acquired by the Group. The fair values have been determined provisionally at the balance sheet date.

	Fair value to Group £m
Net assets acquired	
Trade and other receivables	5.3
Property, plant and equipment	
– rental equipment	45.2
– other assets	1.6
Right-of-use asset	18.2
Creditors	(0.7)
Lease liabilities	(18.2)
Deferred tax	0.1
Intangible assets (non-compete agreements and customer relationships)	28.2
	79.7
Consideration:	
– cash paid and due to be paid (net of cash acquired)	124.5
– contingent consideration payable in cash	5.3
	129.8
Goodwill	50.1

The goodwill arising can be attributed to the key management personnel and workforce of the acquired businesses and to the synergies and other benefits the Group expects to derive from the acquisitions. The synergies and other benefits include elimination of duplicate costs, improving utilisation of the acquired rental fleet, using the Group's financial strength to invest in the acquired business and drive improved returns through a semi-fixed cost base and the application of the Group's proprietary software to optimise revenue opportunities. £50m of the goodwill is expected to be deductible for income tax purposes.

The gross value and the fair value of trade receivables at acquisition was £5m.

Due to the operational integration of acquired businesses with Sunbelt US, Sunbelt Canada and Sunbelt UK post acquisition, in particular due to the merger of some stores, the movement of rental equipment between stores and investment in the rental fleet, it is not practical to report the revenue and profit of the acquired businesses post-acquisition.

The revenue and operating profit of these acquisitions from 1 May 2020 to their date of acquisition was not material.

28 CONTINGENT LIABILITIES

Following its state aid investigation, in April 2019 the European Commission announced its decision that the Group Financing Exemption in the UK controlled foreign company ('CFC') legislation constitutes state aid in some circumstances. In common with the UK Government and other UK-based international companies, the Group does not agree with the decision and has therefore lodged a formal appeal with the General Court of the European Union. Despite the UK Government appealing the European Commission's decision, Her Majesty's Revenue & Customs ('HMRC') is required to make an assessment of the tax liability which would arise if the decision is not successfully appealed and collect that amount from taxpayers. HMRC has issued a charging notice stating that the tax liability it believes to be due on this basis is £36m, including interest payable. This represents the Group's maximum potential liability, including any interest payable, if either the decision reached by the European Commission or the charging notice issued by HMRC are not successfully appealed. The Group has appealed the charging notice but has settled the amount assessed on it, including interest, in line with HMRC requirements. On successful appeal against the European Commission decision or the charging notice, in whole or in part, all or part of the amount paid in accordance with the charging notice would be returned to the Group. Based on the current status of proceedings, we have concluded that no provision is required in relation to this matter. The £36m paid has been recognised as a non-current asset on the balance sheet.

The Company

The Company has guaranteed the borrowings of its subsidiary undertakings under the Group's senior secured credit and overdraft facilities. At 30 April 2021 the amount borrowed under these facilities was £885m (2020: £2,142m). Subsidiary undertakings are also able to obtain letters of credit under these facilities and, at 30 April 2021, letters of credit issued under these arrangements totalled £37m (\$52m) (2020: £41m (\$52m)). In addition, the Company has guaranteed the 4.125%, 5.250%, 4.375%, 4.000% and 4.250% senior notes each with a par value of \$600m (£433m), issued by Ashtead Capital, Inc..

The Company has guaranteed lease commitments of subsidiary undertakings where the minimum lease commitment at 30 April 2021 totalled £25m (2020: £30m) in respect of land and buildings of which £5m is payable by subsidiary undertakings in the year ending 30 April 2022.

The Company has provided a guarantee to the Ashtead Group plc Retirement Benefits Plan ('the plan') that ensures the plan is at least 105% funded as calculated in accordance with Section 179 of the Pensions Act 2004. Based on the last actuarial valuation at 30 April 2019, this guarantee was the equivalent of £20m.

The Company has guaranteed the performance by subsidiaries of certain other obligations up to £2m (2020: £2m).

29 CAPITAL COMMITMENTS

At 30 April 2021 capital commitments in respect of purchases of rental and other equipment totalled £499m (2020: £259m), all of which had been ordered. There were no other material capital commitments at the year end.

30 EVENTS AFTER THE BALANCE SHEET DATE

Since the balance sheet date, the Group has completed two acquisitions as follows:

- i) On 12 May 2021, Sunbelt Canada acquired the business and assets of Island Equipment Rentals Ltd., ('Island Equipment'). Island Equipment is a general tool business in British Columbia.
- ii) On 26 May 2021, Sunbelt US acquired the business and assets of Randall Industries, Inc. ('Randall'). Randall is a general tool business in Illinois and Indiana.

The initial accounting for these acquisitions is incomplete. Had these acquisitions taken place on 1 May 2020, their contribution to revenue and operating profit would not have been material.

In May 2021, the Group commenced the share buyback programme of up to £1bn over the next two financial years, announced in April 2021.

31 RELATED PARTY TRANSACTIONS

The Group's key management comprises the Company's executive and non-executive directors. Details of their remuneration are given in Note 4 and details of their share interests and share awards are given in the Directors' remuneration report. In relation to the Group's defined benefit pension plan, details are included in Note 24.

As reported in the prior year, the Board became aware that the interim dividend paid on 5 February 2020 had been paid otherwise than in accordance with the Companies Act 2006. Following approval at the 2020 AGM, the Company entered into deeds of release to remove any right it may have to claim from shareholders or directors present at the meeting at which the interim dividend was declared for the repayment of that dividend.

32 EMPLOYEES

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

	2021 Number	2020 Number
United States	13,526	13,946
United Kingdom	3,724	3,814
Canada	1,409	1,219
	18,659	18,979

33 CHANGE IN PRESENTATIONAL CURRENCY

Effective from 1 May 2021, the Group has decided to change its presentational currency from sterling to US dollars to allow for greater transparency in the Group's performance to investors and other stakeholders and reduced foreign exchange volatility given that c. 80% of the Group's revenue and c. 90% of the Group's operating profit originate in US dollars. As such, the Group will present its consolidated financial statements for the year ending 30 April 2022 in US dollars.

In accordance with IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, this change in presentation currency will be applied retrospectively.

Selected historical financial information has been restated in US dollars and included herein which will form the basis of the comparative financial information to be included in the Annual Report & Accounts of the Group for the year ended 30 April 2022 and all published financial information for periods from 1 May 2021 onwards.

In accordance with the provisions of IAS 21, the Effects of Changes in Foreign Exchange Rates, in respect of changes in presentation currency, financial information has been restated from sterling to US dollars as follows:

- assets and liabilities in non-US denominated currencies were translated into US dollars at the rate of exchange ruling at the relevant balance sheet date;
- non-US dollar income statements and cash flows were translated into US dollars at average rates of exchange for the relevant period;
- share capital, share premium and all other equity items were translated at the historical rates prevailing at 1 May 2004, the date of transition to IFRS, or the subsequent rates prevailing on the date of each relevant transaction; and
- the cumulative foreign exchange translation reserve was set to zero on 1 May 2004, the date of transition to IFRS, and this reserve has been restated on the basis that the Group has reported in US dollars since that date.

The exchange rates used in respect of the pound sterling (£) and Canadian dollar (C\$) were:

	Pound sterling		Canadian dollar	
	2021	2020	2021	2020
Average for year	1.32	1.27	0.76	0.75
Year end	1.38	1.26	0.81	0.72

a. Restated consolidated income statement

	2021			2020		
	Before amortisation \$m	Amortisation \$m	Total \$m	Before exceptional items and amortisation \$m	Exceptional items and amortisation \$m	Total \$m
Revenue						
Rental revenue	5,901.6	–	5,901.6	5,832.7	–	5,832.7
Sale of new equipment, merchandise and consumables	347.7	–	347.7	233.0	–	233.0
Sale of used rental equipment	389.3	–	389.3	333.2	–	333.2
	6,638.6	–	6,638.6	6,398.9	–	6,398.9
Operating costs						
Staff costs	(1,501.5)	–	(1,501.5)	(1,484.4)	–	(1,484.4)
Used rental equipment sold	(364.4)	–	(364.4)	(291.2)	–	(291.2)
Other operating costs	(1,735.9)	–	(1,735.9)	(1,615.1)	–	(1,615.1)
	(3,601.8)	–	(3,601.8)	(3,390.7)	–	(3,390.7)
EBITDA	3,036.8	–	3,036.8	3,008.2	–	3,008.2
Depreciation	(1,457.6)	–	(1,457.6)	(1,380.8)	–	(1,380.8)
Amortisation of intangibles	–	(81.2)	(81.2)	–	(78.1)	(78.1)
Operating profit	1,579.2	(81.2)	1,498.0	1,627.4	(78.1)	1,549.3
Interest expense	(262.9)	–	(262.9)	(284.2)	(21.1)	(305.3)
Profit on ordinary activities before taxation	1,316.3	(81.2)	1,235.1	1,343.2	(99.2)	1,244.0
Taxation	(335.0)	20.0	(315.0)	(332.1)	24.4	(307.7)
Profit attributable to equity holders of the Company	981.3	(61.2)	920.1	1,011.1	(74.8)	936.3
Basic earnings per share	219.1¢	(13.7¢)	205.4¢	221.5¢	(16.3¢)	205.2¢
Diluted earnings per share	218.4¢	(13.6¢)	204.8¢	220.7¢	(16.3¢)	204.4¢

33 CHANGE IN PRESENTATIONAL CURRENCY (CONTINUED)**b. Restated consolidated balance sheet**

	2021 \$m	2020 \$m
Current assets		
Inventories	102.2	105.0
Trade and other receivables	1,083.7	1,036.1
Current tax asset	18.4	41.3
Cash and cash equivalents	26.6	304.4
	1,230.9	1,486.8
Non-current assets		
Property, plant and equipment		
– rental equipment	6,908.9	7,429.2
– other assets	867.2	893.9
	7,776.1	8,323.1
Right-of-use asset	1,545.9	1,372.7
Goodwill	1,796.1	1,690.6
Other intangible assets	387.3	411.3
Other non-current assets	95.5	–
Net defined benefit pension plan asset	6.2	–
	11,607.1	11,797.7
Total assets	12,838.0	13,284.5
Current liabilities		
Trade and other payables	819.5	724.9
Current tax liability	5.7	2.8
Lease liabilities	168.7	133.6
Provisions	54.0	67.7
	1,047.9	929.0
Non-current liabilities		
Lease liabilities	1,464.6	1,269.2
Long-term borrowings	4,194.0	5,666.0
Provisions	61.0	49.0
Deferred tax liabilities	1,514.2	1,607.3
Other non-current liabilities	30.8	–
Net defined benefit pension plan liability	–	15.3
	7,264.6	8,606.8
Total liabilities	8,312.5	9,535.8
Equity		
Share capital	81.8	82.3
Share premium account	6.5	6.5
Capital redemption reserve	20.0	19.5
Own shares held by the Company	(66.2)	(149.7)
Own shares held through the ESOT	(36.8)	(36.0)
Cumulative foreign exchange translation differences	(134.0)	(210.8)
Retained reserves	4,654.2	4,036.9
Equity attributable to equity holders of the Company	4,525.5	3,748.7
Total liabilities and equity	12,838.0	13,284.5

c. Restated consolidated cash flow statement

	2021 \$m	2020 \$m
Cash flows from operating activities		
Cash generated from operations before exceptional items and changes in rental equipment	3,017.0	3,076.2
Payments for rental property, plant and equipment	(817.0)	(1,729.8)
Proceeds from disposal of rental property, plant and equipment	384.7	312.2
Cash generated from operations	2,584.7	1,658.6
Financing costs paid (net)	(254.9)	(249.4)
Exceptional financing costs paid	-	(16.1)
Tax paid (net)	(387.6)	(143.2)
Net cash generated from operating activities	1,942.2	1,249.9
Cash flows from investing activities		
Acquisition of businesses	(195.1)	(577.0)
Payments for non-rental property, plant and equipment	(138.3)	(263.6)
Proceeds from disposal of non-rental property, plant and equipment	18.3	15.2
Net cash used in investing activities	(315.1)	(825.4)
Cash flows from financing activities		
Drawdown of loans	643.4	2,939.9
Redemption of loans	(2,228.4)	(2,168.3)
Repayment of principal under lease liabilities	(73.9)	(81.4)
Dividends paid	(235.5)	(234.3)
Purchase of own shares by the ESOT	(15.5)	(22.1)
Purchase of own shares by the Company	-	(569.7)
Net cash used in financing activities	(1,909.9)	(135.9)
(Decrease)/increase in cash and cash equivalents	(282.8)	288.6
Opening cash and cash equivalents	304.4	16.7
Effect of exchange rate difference	5.0	(0.9)
Closing cash and cash equivalents	26.6	304.4

	2021 \$m	2020 \$m
Reconciliation of net cash flows to net debt		
Decrease/(increase) in cash and cash equivalents in the period	282.8	(288.6)
(Decrease)/increase in debt through cash flow	(1,658.9)	690.2
Change in net debt from cash flows	(1,376.1)	401.6
Exchange differences	129.3	(37.5)
Debt acquired	25.2	115.7
Non-cash movements:		
- deferred costs of debt raising	11.0	12.8
- new lease liabilities	246.9	239.1
(Decrease)/increase in net debt in the period	(963.7)	731.7
Net debt at 1 May (as previously stated)	6,764.4	4,881.9
Effect of adoption of IFRS 16	-	1,150.8
Net debt at 1 May (2020 restated)	6,764.4	6,032.7
Net debt at 30 April	5,800.7	6,764.4

34 PARENT COMPANY INFORMATION

a. Balance sheet of the Company (Company number: 01807982)

	Notes	2021 £m	2020 £m
Current assets			
Prepayments and accrued income		1.0	0.5
Amounts due from subsidiary undertakings	(f)	629.6	–
		630.6	0.5
Non-current assets			
Right-of-use asset	(g)	6.1	6.8
Investments in Group companies	(h)	363.7	363.7
Deferred tax asset		1.3	1.5
		371.1	372.0
Total assets		1,001.7	372.5
Current liabilities			
Accruals and deferred income		6.6	6.7
Amounts due to subsidiary undertakings	(i)	–	20.4
Lease liabilities	(j)	0.8	0.8
		7.4	27.9
Non-current liabilities			
Lease liabilities	(j)	5.3	5.9
Total liabilities		12.7	33.8
Equity			
Share capital	(b)	45.1	45.4
Share premium account	(b)	3.6	3.6
Capital redemption reserve	(b)	11.1	10.8
Own shares held by the Company	(b)	(51.2)	(115.9)
Own shares held through the ESOT	(b)	(28.8)	(27.7)
Retained reserves	(b)	1,009.2	422.5
Equity attributable to equity holders of the Company		989.0	338.7
Total liabilities and equity		1,001.7	372.5

The Company reported a profit for the financial year ended 30 April 2021 of £837m (2020: £350m).

These financial statements were approved by the Board on 14 June 2021.



BRENDAN HORGAN
Chief executive



MICHAEL PRATT
Chief financial officer

b. Statement of changes in equity of the Company

	Share capital £m	Share premium account £m	Capital redemption reserve £m	Own shares held by the Company £m	Own shares held through the ESOT £m	Retained reserves £m	Total £m
At 1 May 2019	49.9	3.6	6.3	(622.6)	(24.6)	1,215.5	628.1
Effect of adoption of IFRS 16	-	-	-	-	-	1.0	1.0
At 1 May 2019 (restated)	49.9	3.6	6.3	(622.6)	(24.6)	1,216.5	629.1
Profit for the year	-	-	-	-	-	349.7	349.7
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	349.7	349.7
Dividends paid	-	-	-	-	-	(186.7)	(186.7)
Own shares purchased by the ESOT	-	-	-	-	(17.6)	-	(17.6)
Own shares purchased by the Company	-	-	-	(444.6)	-	-	(444.6)
Share-based payments	-	-	-	-	14.5	(6.1)	8.4
Tax on share-based payments	-	-	-	-	-	0.4	0.4
Cancellation of shares	(4.5)	-	4.5	951.3	-	(951.3)	-
At 30 April 2020	45.4	3.6	10.8	(115.9)	(27.7)	422.5	338.7
Profit for the year	-	-	-	-	-	836.8	836.8
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	836.8	836.8
Dividends paid	-	-	-	-	-	(182.1)	(182.1)
Own shares purchased by the ESOT	-	-	-	-	(12.5)	-	(12.5)
Share-based payments	-	-	-	-	11.4	(4.2)	7.2
Tax on share-based payments	-	-	-	-	-	0.9	0.9
Cancellation of shares	(0.3)	-	0.3	64.7	-	(64.7)	-
At 30 April 2021	45.1	3.6	11.1	(51.2)	(28.8)	1,009.2	989.0

34 PARENT COMPANY INFORMATION (CONTINUED)

c. Cash flow statement of the Company

	Note	2021 £m	2020 £m
Cash flows from operating activities			
Cash from operations	(1)	(649.0)	306.4
Financing costs paid		(5.8)	(2.9)
Dividends received from Ashtead Holdings PLC		850.0	350.0
Net cash from operating activities		195.2	653.5
Cash flows from financing activities			
Repayment of principal under lease liabilities		(0.6)	(0.6)
Purchase of own shares by the ESOT		(12.5)	(17.6)
Purchase of own shares by the Company		-	(448.6)
Dividends paid		(182.1)	(186.7)
Net cash used in financing activities		(195.2)	(653.5)
Change in cash and cash equivalents		-	-

d. Accounting policies

The Company financial statements have been prepared on the basis of the accounting policies set out in Note 2, supplemented by the policy on investments set out below.

Investments in subsidiary undertakings are stated at cost less any necessary provision for impairment in the parent company balance sheet. Where an investment in a subsidiary is transferred to another subsidiary, any uplift in the value at which it is transferred over its carrying value is treated as a revaluation of the investment prior to the transfer and is credited to the revaluation reserve.

e. Income statement

Ashtead Group plc has not presented its own profit and loss account as permitted by section 408 of the Companies Act 2006. The profit attributable to the Company is disclosed in the footnote to the Company's balance sheet. There were no other amounts of comprehensive income in the financial year.

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

	2021 Number	2020 Number
Employees	16	16

Their aggregate remuneration comprised:

	2021 £m	2020 £m
Salaries	7.8	8.3
Social security costs	1.4	1.1
Other pension costs	0.3	0.4
	9.5	9.8

f. Amounts due from subsidiary undertakings

	2021 £m	2020 £m
Due within one year:		
Ashtead Holdings PLC	629.6	-

g. Right-of-use asset

	Property leases £m
Cost or valuation	
Effect of adoption of IFRS 16 at 1 May 2019	7.5
At 30 April 2020 and 30 April 2021	7.5
Depreciation	
Effect of adoption of IFRS 16 at 1 May 2019	-
Charge for the period	0.7
At 30 April 2020	0.7
Charge for the period	0.7
At 30 April 2021	1.4
Net book value	
At 30 April 2021	6.1
At 30 April 2020	6.8

On transition, the right-of-use asset was adjusted for the impact of lease prepayments (£0.2m).

h. Investments

	Shares in Group companies	
	2021 £m	2020 £m
At 30 April	363.7	363.7

34 PARENT COMPANY INFORMATION (CONTINUED)

h. Investments (continued)

Details of the Company's subsidiaries at 30 April 2021 are as follows:

Name	Address of registered office	Principal activity
USA		
Ashtead US Holdings, Inc.	The Corporation Trust Company, 1209 Orange St., Wilmington, DE 19801	Investment holding company
Ashtead Holdings, LLC	The Corporation Trust Company, 1209 Orange St., Wilmington, DE 19801	Investment holding company
Sunbelt Rentals, Inc.	CT Corporation System, 160 Mine Lake Ct, Ste 200, Raleigh, NC 27615-6417	Equipment rental and related services
Sunbelt Rentals Industrial Services, LLC	The Corporation Trust Company, 1209 Orange St., Wilmington, DE 19801	Equipment rental and related services
Sunbelt Rentals Scaffold Services, Inc.	CT Corporation System, 160 Mine Lake Ct., Ste. 200, Raleigh, NC 27615-6417	Equipment rental and related services
Sunbelt Rentals Scaffold Services, LLC	CT Corporation System, 3867 Plaza Tower Dr., East Baton Rouge Parish, Baton Rouge, LA 70816	Equipment rental and related services
Pride Corporation	CT Corporation System, 28 Liberty Street, New York, NY 10005	Equipment rental and related services
Ashtead Capital, Inc.	The Corporation Trust Company, 1209 Orange St., Wilmington, DE 19801	Finance company
Sunbelt Rentals Exchange, Inc.	The Corporation Trust Company, 1209 Orange St., Wilmington, DE 19801	Dormant
UK		
Ashtead Holdings PLC	100 Cheapside, London, EC2V 6DT	Investment holding company
Sunbelt Rentals Limited	100 Cheapside, London, EC2V 6DT	Equipment rental and related services
Ashtead Financing Limited	100 Cheapside, London, EC2V 6DT	Finance company
Accession Group Limited	100 Cheapside, London, EC2V 6DT	Dormant
Accession Holdings Limited	100 Cheapside, London, EC2V 6DT	Dormant
Anglia Traffic Management Group Limited	100 Cheapside, London, EC2V 6DT	Dormant
Ashtead Canada Limited	100 Cheapside, London, EC2V 6DT	Dormant
Astra Site Services Limited	12 Hope Street, Edinburgh, Scotland, EH2 4DB	Dormant
ATM Traffic Solutions Limited	100 Cheapside, London, EC2V 6DT	Dormant
Eve Trakway Limited	100 Cheapside, London, EC2V 6DT	Dormant
Hoist It Limited	100 Cheapside, London, EC2V 6DT	Dormant
Opti-cal Survey Equipment Limited	100 Cheapside, London, EC2V 6DT	Dormant
Plantfinder (Scotland) Limited	12 Hope Street, Edinburgh, Scotland, EH2 4DB	Dormant
Precision Geomatics Limited	100 Cheapside, London, EC2V 6DT	Dormant
Ellerbeck Industries Limited	100 Cheapside, London, EC2V 6DT	Dormant
Inlec UK Limited	100 Cheapside, London, EC2V 6DT	Dormant
Ashtead Plant Hire Company Limited	100 Cheapside, London, EC2V 6DT	Dormant
Canada		
Sunbelt Rentals of Canada, Inc.	725 Granville Street, Suite 400, Vancouver, BC V7Y 1G5	Equipment rental and related services
William F. White International, Inc.	800 Islington Avenue, Toronto, ON M8Z 6A1	Equipment rental and related services
Republic of Ireland		
Ashtead Financing (Ireland) Unlimited Company	10 Earlsfort Terrace, Dublin 2, D02 T380	Dormant
Sunbelt Rentals (Ireland) Limited	10 Earlsfort Terrace, Dublin 2, D02 T380	Equipment rental and related services
Ashtead Plant Hire Company (Ireland) Limited	10 Earlsfort Terrace, Dublin 2, D02 T380	Dormant
Germany		
Sunbelt Rentals GmbH	Felix-Wankel-Straße 10, 74632 Neuenstein	Equipment rental and related services
France		
Sunbelt Rentals SAS	5 Avenue Carnot, 91330 Massy	Equipment rental and related services
Bahamas		
Sunbelt Rentals of the Bahamas, Inc.	Ocean Centre, Montagu Foreshore, East Bay Street, P.O. Box SS-19084, Nassau, Bahamas	Dormant

The issued share capital (all of which comprises ordinary shares) of subsidiaries is 100% owned by the Company or by subsidiary undertakings and all subsidiaries are consolidated.

i. Amounts due to subsidiary undertakings

	2021 £m	2020 £m
Due within one year:		
Ashtead Holdings PLC	-	20.4

j. Lease liabilities

(i) Amounts recognised in the balance sheet

	2021 £m	2020 £m
Maturity analysis – undiscounted cash flows:		
Less than one year	0.8	0.8
One to five years	3.2	3.2
More than five years	3.1	3.9
Total undiscounted lease liabilities at 30 April	7.1	7.9
Impact of discounting	(1.0)	(1.2)
Lease liabilities included in the balance sheet	6.1	6.7
Included in current liabilities	0.8	0.8
Included in non-current liabilities	5.3	5.9
	6.1	6.7

(ii) Amounts recognised in the income statement

	2021 £m	2020 £m
Depreciation of right-of-use assets	0.7	0.7
Interest on lease liabilities	0.2	0.3
	0.9	1.0

(iii) Amounts recognised in the statement of cash flows

	2021 £m	2020 £m
Financing costs paid in relation to lease liabilities	0.2	0.3
Repayment of principal under lease liabilities	0.6	0.6
Total cash outflow for leases	0.8	0.9

k. Financial instruments

The book value and fair value of the Company's financial instruments are not materially different.

l. Notes to the Company cash flow statement

Cash flow from operating activities

	2021 £m	2020 £m
Operating profit	(7.1)	2.6
Depreciation	0.8	0.8
EBITDA	(6.3)	3.4
Increase in prepayments and accrued income	(0.5)	(0.3)
Decrease in accruals and deferred income	(0.1)	(0.9)
(Increase)/decrease in intercompany receivable and payable	(649.3)	295.9
Other non-cash movement	7.2	8.3
Net cash outflow from operations before exceptional items	(649.0)	306.4

TEN-YEAR HISTORY

	2021 ¹	2020 ¹	2019	2018	2017	2016	2015	2014	2013	2012
In £m										
Income statement										
Revenue	5,031.1	5,053.6	4,499.6	3,706.0	3,186.8	2,545.7	2,038.9	1,634.7	1,361.9	1,134.6
Operating costs +	(2,729.7)	(2,677.8)	(2,393.0)	(1,972.9)	(1,682.4)	(1,368.1)	(1,130.5)	(949.6)	(842.9)	(753.5)
EBITDA +	2,301.4	2,375.8	2,106.6	1,733.1	1,504.4	1,177.6	908.4	685.1	519.0	381.1
Depreciation +	(1,104.6)	(1,090.5)	(843.0)	(695.6)	(606.8)	(449.4)	(351.5)	(275.9)	(229.0)	(199.8)
Operating profit +	1,196.8	1,285.3	1,263.6	1,037.5	897.6	728.2	556.9	409.2	290.0	181.3
Interest +	(199.3)	(224.5)	(153.4)	(110.2)	(104.2)	(82.9)	(67.3)	(47.1)	(44.6)	(50.7)
Pre-tax profit +	997.5	1,060.8	1,110.2	927.3	793.4	645.3	489.6	362.1	245.4	130.6
Operating profit	1,135.3	1,223.6	1,212.9	994.0	869.3	699.6	541.1	403.6	284.2	178.2
Pre-tax profit	936.0	982.8	1,059.5	862.1	765.1	616.7	473.8	356.5	214.2	134.8
Cash flow										
Cash flow from operations before exceptional items and changes in rental fleet	2,287.1	2,430.4	2,042.5	1,681.2	1,444.2	1,070.6	841.4	645.5	501.3	364.6
Free cash flow	1,381.7	792.1	368.2	386.2	319.4	(68.0)	(87.9)	(48.5)	(34.0)	(9.4)
Balance sheet										
Capital expenditure	718.1	1,483.0	1,587.2	1,238.7	1,085.6	1,240.0	1,063.1	740.6	580.4	476.4
Book cost of rental equipment	8,562.6	9,409.5	8,282.4	6,566.8	5,846.4	4,480.8	3,638.2	2,575.8	2,186.5	1,854.1
Shareholders' funds	3,268.7	2,972.2	2,800.5	2,526.9	1,970.1	1,480.4	1,111.5	824.4	682.5	554.7
In pence										
Dividend per share	42.15p	40.65p	40.0p	33.0p	27.5p	22.5p	15.25p	11.5p	7.5p	3.5p
Earnings per share	155.7p	162.1p	166.1p	195.3p	100.5p	81.3p	60.5p	46.1p	27.6p	17.8p
Adjusted earnings per share	166.0p	175.0p	174.2p	127.5p	104.3p	85.1p	62.6p	46.6p	31.4p	17.3p
In per cent										
EBITDA margin +	45.7%	47.0%	46.8%	46.8%	47.2%	46.3%	44.6%	41.9%	38.1%	33.6%
Operating profit margin +	23.8%	25.4%	28.1%	28.0%	28.2%	28.6%	27.3%	25.0%	21.3%	16.0%
Pre-tax profit margin +	19.8%	21.0%	24.7%	25.0%	24.9%	25.3%	24.0%	22.2%	18.0%	11.5%
Return on investment +	14.9%	15.2%	17.8%	17.6%	17.3%	18.9%	19.4%	18.6%	16.2%	12.0%
People										
Employees at year end	18,826	19,284	17,803	15,996	14,220	13,106	11,928	9,934	9,085	8,555
Locations										
Stores at year end	1,126	1,105	1,036	899	808	715	640	556	494	485

Notes

+ Before exceptional items, amortisation and fair value remeasurements.

1 The Group elected to apply IFRS 16 using the modified retrospective approach with no restatement of comparative figures. As a result, the results for 2021 and 2020 are not comparable directly to the prior years with the adoption of IFRS 16 resulting in higher EBITDA and operating profit but lower profit before exceptional items, amortisation and tax than under the previous accounting standard.