

ANDREW INDUSTRIES LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

Company Registration Number 00188896



PM+M Solutions for Business LLP
Chartered Accountants
New Century House
Greenbank Technology Park
Challenge Way
Blackburn
Lancashire
BB1 5QB

ANDREW INDUSTRIES LIMITED

Annual report and financial statements for the year ended 31 March 2019

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COMPANY INFORMATION

Directors

E D Andrew (Chairman)
M R G Andrew
M R Bennett
I F L Kenyon
K S Mitchell
D M Neary
L J Blunstone (appointed 01 April 2019)

Secretary and registered office

L J Blunstone, Walton House, Syke Side Drive, Altham, Accrington, Lancashire, BB5 5YE

Company number

00188896

Auditors

PM+M Solutions for Business LLP, Chartered Accountants and Statutory Auditors
New Century House, Greenbank Technology Park, Challenge Way, Blackburn, BB1 5QB

Bankers

HSBC Bank plc, 4 Hardman Square, Spinningfields, Manchester, M3 3EB

Introduction

The following is a review of the financial performance of the business over the past twelve months, how performance is monitored and the risks facing the Group.

Review of the business and future development

The principal activities of the Group are the development, manufacture and sale of industrial consumable products for the business machine, white goods, automotive, medical, laundry, filtration and offshore energy industries on a global basis.

During the year the Group made two acquisitions which will support future sales growth in the Industrial Materials and Laundry Divisions. The Group also completed the sale of its 40% holding in the Chinese joint venture.

The Group will continue looking for growth from existing markets whilst looking for opportunities in new markets.

Financial key performance indicators

During the year Group turnover increased by £10.1m to £97.4m which included £2.2m in respect of the acquisitions made in the current and previous year. Turnover from the subsidiaries in Asia increased by £5.7m due to higher demand for existing products and sales growth from new markets. The favourable effect of the movement in exchange rates on the conversion of the foreign subsidiaries' sales into sterling accounted for an increase in turnover relative to the prior year of £1.4m.

Group operating profit increased from £0.6m to £3.6m. The main reasons for this were the higher gross profit resulting from the increase in sales, and exchange gains of £0.8m in the year compared to exchange losses of £0.9m in the previous year.

Net cash increased by £5.6m over the year due to the cash generated from operating activities which allowed the Group to reduce its borrowings.


The borrowing facilities in place mean that the Group is able to support any new opportunities that may arise in the future.

Principal risks, financial instruments risk management and uncertainties

The directors have assessed the main ongoing risks facing the Group to be the instability of the worldwide economic environment together with the ongoing risks related to material and labour inflation and exchange rate volatility. The diversity of the markets in which the Group operates, and its extensive geographical coverage ensures that any adverse impact related to these risks is minimised.

The Group finances its operations through retained profits and bank borrowings. There is a risk that the cash in the foreign subsidiaries may not be easily transferrable to the UK though the directors have assessed the likelihood of this occurring as being extremely low.

Signed by order of the directors



L J Blunstone
Company Secretary

Approved by the directors on 4 December 2019

ANDREW INDUSTRIES LIMITED

Report of the directors for the year ended 31 March 2019

The directors present their report together with the audited group financial statements for the year ended 31 March 2019.

Results and dividends

The profit and loss account is set out on page 7 and shows the group profit for the year.

Dividends of £3,840 (2018 - £3,292) were paid during the year in respect of the preference shares.

An interim ordinary dividend of £371,590 was declared in January 2019 (January 2018 - £199,558) and paid in April 2019. The directors have declared a second interim dividend of £412,878 (2018 - £68,813) which will be paid in October 2019. The directors do not recommend a final dividend.

Market value of land and buildings

The directors consider that the current market value of the group's land and buildings is in excess of its book value but have not obtained valuations to quantify the excess.

Charitable and political contributions

During the year the group made charitable contributions of £3,789 (2018 - £8,328).

Directors

The directors of the company during the year were:

E D Andrew
M R G Andrew
M R Bennett
I F L Kenyon
K S Mitchell
D M Neary

Employees

The group gives full and fair consideration to applications for employment made by disabled persons. If employed persons become disabled, all possible assistance is given to them to continue their existing job or in an alternative position within the group. All employees, whether disabled or not, share in any available opportunities for training and progression.

The group is committed to a policy of communication and consultation with its employees. Regular meetings are held involving directors, managers and supervisory staff in order to convey relevant information concerning the business.

ANDREW INDUSTRIES LIMITED

Report of the directors for the year ended 31 March 2019

Directors' responsibilities

The directors are responsible for preparing the Group Strategic Report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company and the group's auditors are unaware; and
- that the director has taken all steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the group's auditors are aware of that information.

Third party indemnity provisions for directors

Qualifying third party indemnity provision is in place for the benefit of all the directors of the company.

Auditors

PM+M Solutions for Business LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Signed by order of the directors



L J Blunstone
Company Secretary

Approved by the directors on 4 December 2019

Opinion

We have audited the financial statements of Andrew Industries Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2019 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2019, and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the group's and the parent 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 parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

ANDREW INDUSTRIES LIMITED

Independent auditor's report to the members of Andrew Industries Limited (*continued*)

Use of our report

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



Nigel Wright (Senior Statutory Auditor)
for and on behalf of PM+M Solutions for Business LLP
Chartered Accountants
Statutory Auditors
New Century House
Greenbank Technology Park
Challenge Way
Blackburn
Lancashire
BB1 5QB

4 December 2019

ANDREW INDUSTRIES LIMITED

Consolidated profit and loss account for the year ended 31 March 2019

	Note	2019 £'000	2018 £'000
Turnover	4	97,486	87,381
Cost of sales		<u>(79,145)</u>	<u>(71,643)</u>
Gross profit		18,341	15,738
Operating expenses	7	(14,664)	(15,158)
Other operating income		286	113
Gain on revaluation of investment property		-	4,300
Impairment of tangible fixed assets		<u>(352)</u>	<u>(4,377)</u>
Group operating profit	5	3,611	616
Share of profit in associated undertaking		-	158
Market loss on listed investments		(4)	(10)
Profit on ordinary activities before interest		<u>3,607</u>	<u>764</u>
Interest payable and similar charges	10	(325)	(225)
Interest receivable and similar income	11	160	156
Profit on ordinary activities before taxation		<u>3,442</u>	<u>695</u>
Taxation on profit on ordinary activities	12	(1,056)	(496)
Profit for the financial year		<u>2,386</u>	<u>199</u>

All amounts relate to continuing activities.

The notes on pages 13 to 37 form part of these financial statements.

ANDREW INDUSTRIES LIMITED**Statements of comprehensive income for the year ended 31 March 2019**

Group	2019 £'000	2018 £'000
Profit for the financial year		
- group	2,386	41
- associated undertaking	-	158
	2,386	199
Currency translation differences on foreign currency net investments	1,329	(2,914)
Exchange gain/(loss) on net investment in a foreign subsidiary	641	(684)
Deferred tax associated with actuarial loss relating to net pension liability	64	85
Actuarial loss relating to net pension liability	(2,000)	(500)
Total recognised gains/(losses) relating to the year	2,420	(3,814)
 Parent Company	 2019 £'000	 2018 £'000
Profit/(loss) for the financial year	1,279	(4,520)
Deferred tax associated with actuarial loss relating to net pension liability	64	85
Actuarial loss relating to net pension liability	(2,000)	(500)
Total recognised losses relating to the year	(657)	(4,935)

The notes on pages 13 to 37 form part of these financial statements.

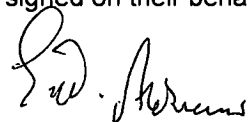
ANDREW INDUSTRIES LIMITED

Balance sheets at 31 March 2019

Company Registration No. 00188896

		Group		Parent Company	
	Note	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Fixed assets					
Intangible assets	14	959	921	-	-
Tangible assets	15	31,849	29,827	311	354
Investments	16	-	1,241	19,584	19,759
		<u>32,808</u>	<u>31,989</u>	<u>19,895</u>	<u>20,113</u>
Current assets					
Stocks	17	18,264	15,761	-	-
Debtors	18	22,617	23,658	15,717	17,082
Deferred tax asset	24	145	63	64	-
Current asset investments	20	1,410	1,325	791	751
Cash at bank and in hand		8,160	10,517	245	2,973
		<u>50,596</u>	<u>51,324</u>	<u>16,817</u>	<u>20,806</u>
Creditors: amounts falling due within one year	21	<u>(24,265)</u>	<u>(28,516)</u>	<u>(12,265)</u>	<u>(17,680)</u>
Net current assets		<u>26,331</u>	<u>22,808</u>	<u>4,552</u>	<u>3,126</u>
Total assets less current liabilities		<u>59,139</u>	<u>54,797</u>	<u>24,447</u>	<u>23,239</u>
Creditors: amounts falling due after more than one year	22	<u>(1,950)</u>	<u>(58)</u>	<u>(1,950)</u>	<u>-</u>
Provision for liabilities	24	<u>(2,388)</u>	<u>(2,293)</u>	<u>(990)</u>	<u>(1,010)</u>
		<u>(4,338)</u>	<u>(2,351)</u>	<u>(2,940)</u>	<u>(1,010)</u>
Net assets excluding pension liabilities		<u>54,801</u>	<u>52,446</u>	<u>21,507</u>	<u>22,229</u>
Pension liabilities	26	<u>(379)</u>	<u>-</u>	<u>(379)</u>	<u>-</u>
Net assets including pension liabilities		<u>54,422</u>	<u>52,446</u>	<u>21,128</u>	<u>22,229</u>
Capital and reserves					
Called up share capital	25	2,972	2,972	2,972	2,972
Share premium account		339	339	339	339
Capital redemption reserve		646	646	646	646
Profit and loss account		50,465	48,489	17,171	18,272
Equity shareholders' funds		<u>54,422</u>	<u>52,446</u>	<u>21,128</u>	<u>22,229</u>

The financial statements were approved by the directors and authorised for issue on 4 December 2019 and are signed on their behalf by:



E D Andrew
Directors



L J Blunstone

The notes on pages 13 to 37 form part of these financial statements.

ANDREW INDUSTRIES LIMITED

Consolidated statement of changes in equity for the year ended 31 March 2019

	Share capital £'000	Share premium £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
At 1 April 2017	2,972	339	646	52,767	56,724
Profit for the year	-	-	-	199	199
Other comprehensive income for the year (see page 8)	-	-	-	(4,013)	(4,013)
Total comprehensive income for the year	-	-	-	(3,814)	(3,814)
Dividends declared	-	-	-	(464)	(464)
At 31 March 2018	2,972	339	646	48,489	52,446
Profit for the year	-	-	-	2,386	2,386
Other comprehensive income for the year (see page 8)	-	-	-	34	34
Total comprehensive income for the year	-	-	-	2,420	2,420
Dividends declared	-	-	-	(444)	(444)
At 31 March 2019	2,972	339	646	50,465	54,422

Included within group retained earnings are non-distributable reserves amounting to £5,658,000 (2018 - £5,640,000).

The notes on pages 13 to 37 form part of these financial statements.

ANDREW INDUSTRIES LIMITED

Parent company statement of changes in equity for the year ended 31 March 2019

	Share capital £'000	Share premium £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
At 1 April 2017	2,972	339	646	23,671	27,628
Loss for the year	-	-	-	(4,520)	(4,520)
Other comprehensive income for the year (see page 8)	-	-	-	(415)	(415)
Total comprehensive income for the year	-	-	-	(4,935)	(4,935)
Dividends declared	-	-	-	(464)	(464)
At 31 March 2018	2,972	339	646	18,272	22,229
Profit for the year	-	-	-	1,279	1,279
Other comprehensive income for the year (see page 8)	-	-	-	(1,936)	(1,936)
Total comprehensive income for the year	-	-	-	(657)	(657)
Dividends declared	-	-	-	(444)	(444)
At 31 March 2019	2,972	339	646	17,171	21,128

The notes on pages 13 to 37 form part of these financial statements.

ANDREW INDUSTRIES LIMITED

Consolidated cash flow statement for the year ended 31 March 2019

	Note	2019 £'000	2018 £'000
Net cash generated from operating activities	28	6,067	(2,820)
Cash flows from investing activities			
Purchase of tangible fixed assets		(5,112)	(9,594)
Sale of tangible fixed assets		165	1,887
Purchase of current asset investments		(44)	(43)
Sale of current asset investments		-	958
Purchase of business		(76)	(75)
Purchase of subsidiary undertaking		(525)	(1,528)
Net cash acquired with subsidiary undertaking		693	609
Sale of associated undertaking		1,213	-
Interest received		161	149
Dividends received		-	9
Dividend received from associated undertaking		-	955
Net cash from investing activities		(3,525)	(6,673)
Cash flows from financing activities			
Bank loans advanced		3,000	1,500
Bank loans repaid		(450)	-
Shareholder loan		1,184	-
Finance lease repayments		(15)	(12)
Interest paid		(337)	(196)
Dividends paid		(272)	(430)
Net cash used in financing activities		3,110	862
Net increase/(decrease) in cash and cash equivalents		5,652	(8,631)
Foreign exchange translation adjustment		(104)	(449)
Cash and cash equivalents at beginning of year		93	9,173
Cash and cash equivalents at the end of year		5,641	93
Cash and cash equivalents at the end of year comprise:			
Cash at bank and in hand		8,160	10,517
Bank overdrafts		(2,519)	(10,424)
		5,641	93

The notes on pages 13 to 37 form part of these financial statements.

1 Company information

The company is a private company limited by shares and is registered at Companies House in England and Wales. The company's registered number and registered office address is noted under the company information on the contents page.

2 Accounting policies

Basis of preparation

The group and company financial statements have been prepared in accordance with Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006. These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of investment properties and certain financial assets measured at fair value.

The financial statements are prepared in sterling which is the functional currency of the group and company. Monetary amounts in the financial statements are round to the nearest £'000.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where consolidated financial statements are prepared, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

Basis of consolidation

The group financial statements consolidate the financial statements of the parent company and all of its subsidiary undertakings. Results of subsidiary undertakings and businesses acquired during the financial year are included from the effective date of control and those undertakings disposed of up to the effective date of disposal. For this purpose, the consideration paid for and the separable net assets of newly acquired businesses are incorporated into the financial statements on the basis of the fair value to the group as at the effective date of control.

All inter-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The group's associated undertaking was included within the consolidated financial statements using the equity method of accounting.

Going concern

The directors have prepared forecasts and have concluded that it is appropriate to continue to adopt the going concern basis in the preparation of the financial statements.

Turnover

Turnover represents the amount receivable during the year from continuing activities, net of discounts, value added tax and other local sales taxes, for goods supplied and services rendered to customers in the normal course of business.

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods has transferred to the buyer.

2 Accounting policies (continued)

Turnover from the rendering of services is recognised once all services have been provided.

Exchange rates

Foreign currency monetary assets and liabilities are translated to sterling at the exchange rates ruling at 31 March. Results for the year of overseas subsidiary undertakings are translated to sterling using average exchange rates for the period.

Exchange differences arising from the retranslation of the opening net investment in overseas undertakings and the retranslation of results from average to closing rates of exchange, are disclosed as movements on reserves together with exchange adjustments relating to borrowings which have been used to finance or provide a hedge against foreign equity investments.

All other adjustments due to currency fluctuations arising in the normal course of trade are taken to the profit and loss account. However, in the consolidated financial statements exchange differences arising on monetary items that form part of the net investment in an overseas subsidiary undertaking are recognised in other comprehensive income and are not included in the profit and loss account.

Intangible fixed assets - goodwill

Goodwill represents the excess of the consideration over that fair value of net assets acquired of a business. It is initially recognised at cost as an intangible fixed asset and subsequently measured at cost less accumulated amortisation. Goodwill is considered to have a finite life and is amortised on a straight-line basis over its estimated useful economic life being 3 to 10 years.

Negative goodwill is similarly included in the balance sheet and is released to the profit and loss account in the period in which the non-monetary assets are recovered through depreciation or sale.

Intangible fixed assets – other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date of the fair value can be measured reliably.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, as follows:

Trademarks	- 10 years straight line
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Tangible fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less the estimated residual value, of each asset on a systematic basis over its expected useful economic life, as follows:

Freehold buildings	- over 20 to 50 years straight line
Leasehold land and buildings	- over the lease term straight line
Plant and machinery	- over 3 to 10 years straight line
Motor vehicles	- over 3 to 5 years straight line.

Assets under construction are not depreciated until complete and brought in to use.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to the profit or loss.

2 Accounting policies (continued)

Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to the estimated recoverable amount, and the difference is recognised immediately as an impairment loss in profit or loss.

Investment property

Investment property is carried at fair value determined annually by an external valuer and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary, for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the profit and loss account.

Fixed asset investments

Investments in subsidiary undertakings and associates comprise share interests and long-term loans and are stated at cost less any provision for impairment in value. Foreign equity investments for which the exchange risk is hedged by specific foreign currency loans are treated as foreign monetary assets and are retranslated at the year end rates of exchange.

The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in the profit or loss.

Stocks

Raw material stocks are stated at the lower of cost, using the first in first out method, and net realisable value, being the estimated selling price less costs to complete and sell. Work in progress and finished stocks are stated at cost of direct materials and labour plus attributable overheads based on normal levels of activity at individual manufacturing units.

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

Debtors

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

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and are represented by cash in hand, deposits held with financial institutions repayable without penalty on notice of not more than 24 hours, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Cash equivalents are highly liquid investments that mature in no more than three months from the date of purchase and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Valuation of investments

Investments in listed company shares are re-measured to market value at each balance sheet date with all gains and losses on re-measurement recognised in the profit and loss account.

2 Accounting policies (continued)

Creditors

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

Provisions for liabilities

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the profit and loss account in the year that the group becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

Leases

Assets obtained under hire purchase contracts and leases which result in the transfer to the company of substantially all the risks and rewards of ownership (finance leases) are capitalised as tangible fixed assets at the estimated present value of underlying lease payments and are depreciated in accordance with the above policy. Obligations under such agreements are included in creditors net of finance charges allocated to future periods. The finance element of the rental payments is charged to the profit and loss account over the term of the lease or hire purchase contract so as to produce a constant rate of charge on the outstanding balance of the net obligation in each period.

All other leases are classified as operating leases. Rentals receivable under operating leases are recognised in the profit and loss account on a straight-line basis over the lease term. Rentals paid under operating leases are charged against income on a straight-line basis over the lease term.

Research and development

Research and development expenditure is written off to the profit and loss account in the year in which it is incurred.

Taxation

Tax is recognised in the profit and loss account, except that a change attributable to an item of income and expense recognised as other comprehensive income is also recognised in other comprehensive income.

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, except that:

- deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief; and
- the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date that are expected to apply to the reversal of the timing difference.

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors.

2 Accounting policies (*continued*)

Deferred tax assets and deferred tax liabilities are offset only if:

- the group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

Pension costs

The expected cost of pensions in respect of the group's defined benefit pension scheme is charged to the profit and loss account on a systematic basis over the service lives of employees in the scheme. The cost is charged in accordance with the recommendations of qualified actuaries. Variations to pension costs caused by differences between the assumptions used and actual experience are spread over the average remaining working lives of the current employees at each actuarial valuation date.

A charge equal to the increase in the present value of the scheme liabilities (because the benefits are closer to settlement) and a credit equivalent to the group's long term expected return on assets (based on the market value of the scheme assets at the start of the period) are included in the profit and loss account under "Other finance income or charge".

The difference between the market value of the assets of the scheme and the present value of accrued pension liabilities is shown as an asset or liability on the balance sheet. An asset is only recognised to the extent that the surplus can be recovered through reduced contributions in the future or through refunds from the scheme. Any difference between the expected return on assets and that actually achieved is recognised in the statement of comprehensive income along with differences which arise from experience or assumption changes.

Gains and losses on settlements and curtailments are included within the profit and loss account in the year in which they arise.

Pension contributions made by the group to defined contribution pension schemes are charged to the profit and loss account as they fall due for payment.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

A liability is recognised for annual leave accrued by employees as a result of services rendered in the current period, and which the employees are entitled to carry forward and use within the next 12 months. The accrual is measured at the undiscounted salary cost payable for the period of absence.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Executive capital trusts ("ECTs")

The assets, liabilities, income and expenditure of the ECTs to which the group contributes are included within the group's consolidated financial statements, in accordance with the requirements of section 9 of FRS 102. The assets and liabilities of the UK ECT are also included within the parent company's financial statements.

2 Accounting policies *(continued)*

Financial instruments

The group uses forward foreign currency contracts to reduce exposure to foreign exchange rates.

Derivative financial instruments are initially recognised at fair value on the date on a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the profit and loss account.

Finance costs

Finance costs are charged to the profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

Interest income

Interest income is recognised in the profit and loss account as interest accrues using the effective interest method.

Dividend income is recognised in the profit and loss account when the right to receive a payment is established.

Equity dividends payable

The company and group accounts for dividends in the accounting period in which they are approved and consequently if the company and group declares dividends to the holders of equity shares after the balance sheet date, it does not recognise those dividends as a liability at the balance sheet date.

3 Critical accounting judgements and estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Management has made the following judgements that have a significant effect on the amounts recognised in the financial statements.

(a) Impairment of assets

The group tests annually whether financial assets and non-financial assets have suffered any impairment. The assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is determined based on the higher of its value-in-use and net realisable value, both of which require the use of assumptions and estimates.

(b) Revaluation of investment properties

The group carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. The group engages independent valuation specialists to help determine fair value. Such assessments take into account a number of uncertainties including the likelihood of planning permission and market demand.

(c) Taxation

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits.

(d) Provisions

Provision is made for warranties in respect of certain sales. The provision requires management's best estimate of the costs that will be incurred based on contractual requirements.

(e) Defined benefit pension scheme

The cost of the group's defined benefit pension scheme is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, inflation rates, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of the plan, such estimates are subject to significant uncertainty.

(f) Goodwill amortisation

Goodwill is assessed on a case by case basis and amortised over a period of 3 to 10 years. Management estimation is required to determine the useful economic life of goodwill.

ANDREW INDUSTRIES LIMITED**Notes forming part of the financial statements for the year ended 31 March 2019 (Continued)****4 Turnover**

In the opinion of the directors it would be seriously prejudicial to the company's interests to disclose the geographical markets of turnover. Turnover, analysed by category, was as follows:

	2019 £'000	2018 £'000
Sale of goods	97,025	86,946
Rendering of services	461	435
	<u>97,486</u>	<u>87,381</u>

5 Operating profit

2019 £'000	2018 £'000
-----------------------------	-----------------------------

Operating profit is stated after charging/(crediting):

Amortisation of intangible assets	140	118
Depreciation: owned fixed assets	3,928	2,686
Depreciation: assets under finance leases	5	5
Loss/(profit) on sale of tangible fixed assets	14	(567)
Impairment of tangible fixed assets	352	4,377
Impairment of trade debtors	66	59
Research and development	1,285	1,236
Operating lease rentals:		
- plant and machinery	58	56
- land and buildings	1,153	1,141
Exchange (gains)/losses	(826)	912
	<u></u>	<u></u>

6 Auditors' remuneration

2019 £'000	2018 £'000
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Auditor's remuneration payable to the company's auditor:

- audit of the company's annual financial statements	44	40
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Fees payable to the company's auditor

for other services:

- audit of the company's subsidiaries pursuant to legislation	47	42
- all other services	-	-
	<u></u>	<u></u>

ANDREW INDUSTRIES LIMITED

Notes forming part of the financial statements for the year ended 31 March 2019 (Continued)

7 Operating expenses

	2019 £'000	2018 £'000
Operating expenses are made up as follows:		
Selling and distribution costs	5,327	5,373
Administrative expenses	9,337	9,785
	<u>14,664</u>	<u>15,158</u>

8 Employees

	2019 £'000	2018 £'000
Staff costs for continuing operations (including directors) consist of:		
Wages, salaries and bonuses	18,165	16,602
Social security costs	1,943	1,792
Other pension costs	887	769
	<u>20,995</u>	<u>19,163</u>

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

	2019 Number	2018 Number
Production	790	673
Sales and administration	141	152
	<u>931</u>	<u>825</u>

9 Directors and executive management

	2019 £'000	2018 £'000
Aggregate emoluments for all directors (excluding pension contributions)	1,152	1,361
Aggregate pension contributions to money purchase schemes	29	25

The number of directors during the year to whom retirement benefits are accruing is as follows:

	Number	Number
Under money purchase schemes	4	4

Highest paid director

	£'000	£'000
Emoluments	444	702
Contributions to money purchase schemes	-	-

ANDREW INDUSTRIES LIMITED

Notes forming part of the financial statements for the year ended 31 March 2019 (Continued)

10 Interest payable and similar charges			2019	2018
			£'000	£'000
On bank borrowings			299	224
On finance leases			1	1
On other borrowings			25	-
			<u>325</u>	<u>225</u>
11 Interest receivable and similar income			2019	2018
			£'000	£'000
Bank interest			128	116
Other interest			32	31
Dividends received from listed investments			-	9
			<u>160</u>	<u>156</u>
12 Taxation on profit from ordinary activities			2019	2018
	£'000	£'000	£'000	£'000
Taxation based on profit for the year				
<i>United Kingdom:</i>				
Current tax		74		(97)
Adjustment in respect of prior year		100		(89)
Total United Kingdom current tax		174		(186)
<i>Overseas:</i>				
Current tax	841		651	
Adjustment in respect of prior year	-	841	(57)	594
Current tax charge		1,015		408
<i>Deferred tax:</i>				
Origination and reversal of timing differences	20		(67)	
Other differences re pension liabilities	-	20	85	18
<i>Other tax:</i>				
Withholding tax on overseas income		21		70
Taxation on profit from ordinary activities		1,056		496

12 Taxation on profit from ordinary activities (Continued)

The resultant overall rate of tax differs from the standard rate of corporation tax in the UK. The differences are explained below:

	2019 £'000	2018 £'000
Profit on ordinary activities before taxation	3,442	537
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (2018 - 19%)	654	102
Effects of:		
Tax free credits net of expenses not deductible	(725)	(45)
Different rates to the UK standard rate	(319)	(122)
Adjustment in respect of previous years	100	(146)
Utilisation of tax losses	(9)	(297)
Impact on deferred tax due to change in standard rates	(8)	739
Recognition of deferred tax assets previously unprovided	27	-
Unprovided deferred tax	1,300	195
Withholding tax on overseas income	21	70
Overseas capital gains tax paid	15	-
Tax charge for the year	1,056	496

13 Parent company's profit and loss account

Under the provision of Section 408 Companies Act 2006, the profit and loss account of the parent company is not presented. The profit after taxation for the financial year dealt with in that account is £1,279,000 (2018 – loss £4,520,000) including intra-group dividends receivable, net of underlying tax, of £1,727,000 (2018 - £3,206,000).

14 Intangible assets - Group

	Negative goodwill £'000	Positive goodwill £'000	Trademarks £'000	Total £'000
Cost				
At 1 April 2018	(601)	2,209	14	1,622
Additions	(2)	126	-	124
Exchange difference	-	52	1	53
At 31 March 2019	(603)	2,387	15	1,799
Amortisation				
At 1 April 2018	(601)	1,300	2	701
Charge for the year	(2)	140	2	140
Exchange difference	-	(1)	-	(1)
At 31 March 2019	(603)	1,439	4	840
Net book value				
At 31 March 2019	-	948	11	959
At 31 March 2018	-	909	12	921

The Company does not have any intangible assets.

15 Tangible assets

<i>Summary - Company</i>	Freehold land and buildings £'000	Plant, equipment and motor vehicles £'000	Total £'000
<i>Cost</i>			
At 1 April 2018	584	340	924
Additions	-	4	4
Disposals	-	(5)	(5)
At 31 March 2019	584	339	923
<i>Depreciation</i>			
At 1 April 2018	288	282	570
Charge for year	11	36	47
Disposals	-	(5)	(5)
At 31 March 2019	299	313	612
<i>Net book value</i>			
At 31 March 2019	285	26	311
At 31 March 2018	296	58	354

Freehold land and buildings includes an amount of £50,000 (2018 - £50,000) in respect of land which is not depreciated.

15 Tangible assets (continued)

Summary - Group	Investment property £'000	Land and buildings £'000	Plant, equipment and motor vehicles £'000	Total £'000
<i>Cost or valuation</i>				
At 1 April 2018	5,500	11,342	43,422	60,264
Additions	-	166	5,214	5,380
Disposals	-	-	(1,353)	(1,353)
Exchange differences	-	556	2,154	2,710
At 31 March 2019	5,500	12,064	49,437	67,001
<i>Depreciation</i>				
At 1 April 2018	-	4,762	25,675	30,437
Charge for the year	-	311	3,622	3,933
Impairment	-	-	352	352
Disposals	-	-	(1,174)	(1,174)
Exchange differences	-	204	1,400	1,604
At 31 March 2019	-	5,277	29,875	35,152
<i>Net book value</i>				
Owned assets	5,500	6,350	19,531	31,381
Leased assets	-	437	31	468
At 31 March 2019	5,500	6,787	19,562	31,849
Owned assets	5,500	6,173	17,714	29,387
Leased assets	-	407	33	440
At 31 March 2018	5,500	6,580	17,747	29,827

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total cost included would have been £25,000 (2018 - £25,000).

Analysis of land and buildings	Group	
	2019 £'000	2018 £'000
<i>Net book value</i>		
Freehold	6,350	6,173
Short leasehold	437	407
	6,787	6,580
Freehold investment property	5,500	5,500
	12,287	12,080

The following amounts in land and buildings are not subject to depreciation:

Land	386	378
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Capital commitments	Group		Parent Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Capital investment contracted for but not provided	191	355	-	-

ANDREW INDUSTRIES LIMITED

Notes forming part of the financial statements for the year ended 31 March 2019 (Continued)

16 Investments - Parent Company

<i>Investments</i>	Associated undertaking £'000	Group undertakings Shares £'000	Loans £'000	Total £'000
<i>Cost</i>				
At 1 April 2018	1,152	26,973	8,120	36,245
Additions	-	366	1,579	1,945
Disposals	(1,152)	-	-	(1,152)
At 31 March 2019	-	27,339	9,699	37,038
<i>Provision for impairment in value</i>				
At 1 April 2018	-	16,486	-	16,486
Charge in year	-	968	-	968
At 31 March 2019	-	17,454	-	17,454
<i>Net book value</i>				
At 31 March 2019	-	9,885	9,699	19,584
At 31 March 2018	1,152	10,487	8,120	19,759

16 Investments - Parent Company (continued)

The group holds 100% of the share capital of the following subsidiary undertakings, all of which are included within the consolidation:

	Country of registration or incorporation	Class of shares held
Industrial materials manufacturers		
Bondex, Inc.	USA	Common
Andrew Industries Development Company Limited	China	Ordinary
Business machine part manufacturers and distributors		
BMP Europe Limited	England and Wales	Ordinary
PPC Solutions Limited	England and Wales	Ordinary
RB Medical Engineering Limited	England and Wales	Ordinary
BMP America, Inc.	USA	Common
BMP Asia Industries (Shenzhen) Company Limited	China	Ordinary
BMP Technologies Malaysia Sdn Bhd	Malaysia	Ordinary
BMP Technologies Mexico, SA de CV	Mexico	Common
Laundry machine part manufacturers		
Sevenside Fabrics Limited	England and Wales	Ordinary
American Laundry Products, Inc.	USA	Common
China Laundry Products Limited	China	Ordinary
Investment property company		
Andrew Textile Industries Limited	England and Wales	Ordinary
Non-trading companies		
Humber Europe Limited	England and Wales	Ordinary
PTC Products Limited	England and Wales	Ordinary
Techline Products Limited	England and Wales	Ordinary
European Laundry Products SARL	France	Ordinary
Andrew Industries (India) Private Limited	India	Ordinary

The investments in the subsidiary undertakings are held by the parent company, except for PPC Solutions Limited, PTC Products Limited, Techline Products Limited, RB Medical Engineering Limited and BMP Technologies Mexico, SA de CV which are held by subsidiary undertakings.

Investments – Group**Investment in associated undertaking**

The investment in the associated undertaking represented a 40% interest in the ordinary shares of Shanghai Linflon New Material Technology Co Limited, a company incorporated in China.

	Goodwill £'000	Other £'000	Total £'000
Cost and net book value			
At 1 April 2018	(126)	1,367	1,241
Disposal of investment	126	(1,367)	(1,241)
At 31 March 2019	-	-	-

ANDREW INDUSTRIES LIMITED

Notes forming part of the financial statements for the year ended 31 March 2019 (Continued)

17 Stocks	Group		Parent Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Raw materials	10,284	8,927	-	-
Work in progress	1,030	1,235	-	-
Finished goods held for resale	6,950	5,599	-	-
	<u>18,264</u>	<u>15,761</u>	<u>-</u>	<u>-</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Stock recognised in cost of sales during the year as an expense was £79,145,000 (2018 - £71,643,000).

An impairment loss of £276,000 (2018 - £727,000) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

18 Debtors	Group		Parent Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Due within one year				
Trade debtors	19,225	18,504	-	-
Amounts owed by subsidiary undertakings	-	-	15,626	16,793
Other debtors	1,812	3,524	47	140
Prepayments and accrued income	1,360	1,209	44	35
Corporate tax refundable	220	421	-	144
	<u>22,617</u>	<u>23,658</u>	<u>15,717</u>	<u>17,082</u>
Long term prepayments included above	<u>74</u>	<u>-</u>	<u>-</u>	<u>-</u>

19 Cash and borrowings	Group		Parent Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Debt				
Bank overdrafts	2,519	10,424	2,492	10,409
Bank loans due within one year	6,600	6,000	6,600	6,000
Bank loans due over one year	1,950	-	1,950	-
Other loan	1,184	-	1,184	-
	<u>12,253</u>	<u>16,424</u>	<u>12,226</u>	<u>16,409</u>
Debt, excluding finance leases				
Finance leases	8	21	-	-
Cash balances	(8,160)	(10,517)	(245)	(2,973)
Shares in listed investments (see note 20)	(6)	(9)	-	-
	<u>4,095</u>	<u>5,919</u>	<u>11,981</u>	<u>13,436</u>
Net debt				

ANDREW INDUSTRIES LIMITED

Notes forming part of the financial statements for the year ended 31 March 2019 (Continued)

19 Cash and borrowings (continued)

The group and parent company borrowings are secured by fixed and floating charges over the assets of group companies together with cross guarantees between certain companies within the group.

Interest is charged at normal commercial rates on terms ranging from 1.4% to 2.5% per annum over LIBOR or bank base rate.

20 Current asset Investments

	Group		Parent Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Executive Capital Trust (see note 30)	1,404	1,316	791	751
Shares in listed investments	6	9	-	-
	<u>1,410</u>	<u>1,325</u>	<u>791</u>	<u>751</u>

21 Creditors: amounts falling due within one year

	Group		Parent Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Bank loans (secured - see note 19)	6,600	6,000	6,600	6,000
Bank overdrafts	2,519	10,424	2,492	10,409
Amounts owed to subsidiary undertakings	-	-	1,053	672
Trade creditors	9,316	8,782	72	111
Taxation and social security	1,294	1,057	264	146
Dividends declared and not paid	372	200	372	200
Obligations under finance leases	8	13	-	-
Other creditors	1,001	365	47	53
Other loan	1,184	-	1,184	-
Accruals and deferred income	1,971	1,675	181	89
	<u>24,265</u>	<u>28,516</u>	<u>12,265</u>	<u>17,680</u>
Corporate taxation payable included above	<u>233</u>	<u>123</u>	<u>140</u>	<u>-</u>

22 Creditors: amounts falling due after more than one year

	Group		Parent Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Bank loans (secured - see note 19)	1,950	-	1,950	-
Obligations under finance leases	-	8	-	-
Other creditors	-	50	-	-
	<u>1,950</u>	<u>58</u>	<u>1,950</u>	<u>-</u>

All obligations under finance leases are wholly repayable within five years and are effectively secured against the fixed assets to which they relate (note 15).

ANDREW INDUSTRIES LIMITED

Notes forming part of the financial statements for the year ended 31 March 2019 (Continued)

23 Financial instruments	Group		Parent Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Financial assets at fair value through profit or loss:				
<i>Shares in listed investments</i>	1,410	1,325	791	751
Financial assets that are debt instruments measured at amortised cost:				
<i>Trade and other debtors</i>	21,037	22,028	15,673	16,933
Financial liabilities measured at amortised cost:				
<i>Bank overdrafts and loans</i>	(11,069)	(16,424)	(11,042)	(16,409)
<i>Obligations under finance leases</i>	(8)	(21)	-	-
<i>Trade and other creditors</i>	(12,288)	(10,872)	(1,354)	(925)
	<u>(23,365)</u>	<u>(27,317)</u>	<u>(12,396)</u>	<u>(17,334)</u>
24 Provision for liabilities	Executive Capital Trust £'000	Warranty Provision £'000	Deferred Taxation £'000	Total £'000
Group				
At 1 April 2018	1,944	299	50	2,293
Charged to profit and loss account	98	-	39	137
Utilised	(60)	(45)	-	(105)
Exchange differences	63	-	-	63
	<u>2,045</u>	<u>254</u>	<u>89</u>	<u>2,388</u>
At 31 March 2019				
Parent Company				Executive Capital Trust £'000
At 1 April 2018				1,010
Charged to profit and loss account				40
Utilised				(60)
				<u>990</u>
At 31 March 2019				

Notes forming part of the financial statements for the year ended 31 March 2019 (Continued)

24 Provision for liabilities and charges (continued)

Deferred taxation analysis	Unprovided		Provided	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Accelerated (capital allowances) / depreciation	712	21	(508)	(895)
Other short-term timing differences	292	269	278	318
Unutilised taxation losses	3,794	2,589	286	590
	<u>4,798</u>	<u>2,879</u>	<u>56</u>	<u>13</u>
Deferred tax asset				

The deferred tax included in the consolidated balance sheet is as follows:

	2019 £'000	2018 £'000
Included in current assets	145	63
Included in provisions for liabilities (note 24)	(89)	(50)
	<u>56</u>	<u>13</u>

Full utilisation of the losses referred to above may be restricted by the legislation in the countries in which the group operates.

Executive Capital Trust

A provision has been incorporated within the financial statements in respect of the constructive obligation to distribute the assets of the trusts, which are included within the balance sheets, to participating employees.

Warranty Provision

Provision has been made for warranties issued in respect of certain product sales.

25 Share capital	2019 £'000	2018 £'000
Authorised		
5,000,000 Ordinary shares of £1 each	5,000	5,000
1,000,000 Preference shares of £1 each	1,000	1,000
	<u>6,000</u>	<u>6,000</u>
Allotted, called up and fully paid		
2,752,522 (2018 – 2,752,522) Ordinary shares of £1 each	2,753	2,753
219,469 (2018 – 219,469) Preference shares of £1 each	219	219
	<u>2,972</u>	<u>2,972</u>

The preference shares are non-redeemable and carry no voting rights. Holders of the preference shares are entitled to a dividend at 1% above the bank base rate and are repayable at par together with any unpaid dividend in the event of a winding up.

26 Pensions and other post-retirement benefits

The group contributes to pension schemes in the United Kingdom, the United States of America and Malaysia covering eligible employees. The schemes are funded partly by employees and partly by group companies. The assets of the schemes are separately administered by trustees or independent insurance companies.

	2019	2018
	£'000	£'000
Pension costs comprise contributions to:		
United Kingdom defined contribution schemes	358	330
Overseas defined contribution schemes	529	439
	887	769

The cost of the United Kingdom funded defined benefit scheme is assessed on the advice of qualified actuaries using the attained age method.

The group operates a defined benefit pension scheme in the UK providing benefits based on a career average pensionable pay. A full actuarial valuation was carried out at 31 March 2016 and will be updated to 31 March 2019 by a qualified independent actuary.

The pension scheme became closed to future benefit accrual with effect from 31 March 2008 with all active members becoming deferred members at that date.

It was agreed with the trustees that employer contributions to the scheme payable by the group would be £500,000 per annum with effect from 1 April 2017 to 31 March 2022. During the year however, the company made an advance of these contributions totalling £1,681,000. This payment, together with the other assets of the scheme, enabled the trustees to secure an insurance policy designed to match the future pension liabilities of the scheme. As a result, the annual commitment to pay £500,000 per annum until 31 March 2022 has ceased.

The amounts recognised in the profit and loss account are as follows:

	2019	2018
	£'000	£'000
Amounts debited to operating profit:		
Current service cost	-	-
Past service cost	60	-
Total operating debit	60	-
Amounts included in other finance costs:		
Interest income on plan assets	(381)	(413)
Interest on scheme liabilities	295	376
Interest expense on effect of asset ceiling	86	37
Other finance costs	-	-
Total charge to the profit and loss account	60	-
Actual return on scheme assets	(2,979)	109

Other finance income is included in the profit and loss account within interest receivable and similar income.

26 Pensions and other post-retirement benefits (continued)

Actuarial losses of £2,000,000 (2018 - £500,000) have been recognised in the statement of comprehensive income. At 31 March 2019 the cumulative amount of actuarial losses recognised in the statement of comprehensive income is £6,863,000 (2018 - £4,863,000).

The amounts recognised in the balance sheet are as follows:

	2019 £'000	2018 £'000
Present value of fund obligations	(12,060)	(13,138)
Fair value of scheme assets	11,681	15,327
	(379)	2,189
Effect of asset ceiling	-	(2,189)
Pension liability at the end of the year	(379)	-

Changes in present value of the defined benefit obligation scheme are as follows:

	2019 £'000	2018 £'000
Opening defined benefit obligation	13,138	16,593
Interest on scheme liabilities	295	376
Actuarial loss/(gain)	915	(744)
Benefits paid	(2,348)	(3,087)
Other costs	60	-
Closing defined benefit obligation	12,060	13,138

Changes in the fair value of scheme assets are as follows:

	2019 £'000	2018 £'000
Opening fair value of scheme assets	15,327	17,805
Interest income	381	413
Contributions by employer	1,681	500
Return on plan assets	(3,360)	(304)
Benefits paid	(2,348)	(3,087)
Closing fair value of scheme assets	11,681	15,327

26 Pensions and other post-retirement benefits (continued)

The fair value of the major categories of scheme assets as a percentage of total scheme assets are as follows:

	2019 %	2018 %
Equities	-	41
Gilts	-	19
Insurance policy	100	-
Index linked gilts	-	23
Corporate bonds	-	17

The principal actuarial assumptions as at the balance sheet date were:

	2019 %	2018 %
Discount rate	2.40	2.60
Rate of increase in pensions in payment	3.05	2.95
Rate of increase in deferred pensions	3.05	2.95
Inflation	3.20	3.10

Weighted average life expectancy for mortality tables used to determine benefit obligations at the year end:

	Male		Female	
	2019	2018	2019	2018
Member aged 65 (current life expectancy)	22.6	22.8	24.5	24.7
Member aged 45 (life expectancy at age 65)	24.0	24.2	26.1	26.3

Amounts for the current and previous four periods are as follows:

	2019 £'000	2018 £'000	2017 £'000	2016 £'000	2015 £'000
Defined benefit obligation	(12,060)	(13,138)	(16,593)	(14,867)	(15,364)
Fair value of scheme assets	11,681	15,327	17,805	15,569	15,152
(Deficit)/surplus in the scheme	(379)	2,189	1,212	702	(212)

27 Commitments under operating leases

At 31 March 2019, the group's future minimum operating lease payments are as follows:

	2019		2018	
Payments due:	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Not later than one year	1,220	60	1,144	40
Later than one year and not later than five years	3,258	46	2,722	27
Later than five years	418	-	767	-
	<u>4,896</u>	<u>106</u>	<u>4,633</u>	<u>67</u>

28 Net cash generated from operating activities

	2019 £'000	2018 £'000
Profit for the financial year before tax	3,442	695
<u>Adjustments for:</u>		
Share of profit in associated undertaking	-	(158)
Amortisation of intangible assets	140	118
Depreciation of tangible fixed assets	3,933	2,691
Impairment of tangible fixed assets	352	4,377
Loss/(profit) on disposal of tangible fixed assets	14	(567)
Gain on revaluation of investment property	-	(4,300)
Interest paid	325	225
Interest received	(160)	(147)
Dividends received	-	(9)
Loss on sale of current asset investments	-	56
Unrealised loss on listed investments	4	10
Loss on disposal of associated undertaking	29	-
Deferred grant income	-	75
Increase in stocks	(1,910)	(1,334)
Decrease/(increase) in debtors	1,580	(3,475)
Increase in creditors and provisions	731	382
Contribution to defined benefit pension scheme	(1,681)	(500)
Taxation paid	(732)	(959)
	<u>6,067</u>	<u>(2,820)</u>

Notes forming part of the financial statements for the year ended 31 March 2019 (Continued)

29 Related party disclosures

The group has traded during the year, under normal commercial terms, with related parties being companies connected with one or more of the company's directors and shareholders. Sales to these related parties totalled £425,000 (2018 - £360,000) and purchases from these related parties totalled £6,000 (2018 - £3,000). At 31 March 2019 they owed group companies £50,000 (2018 - £70,000) and were owed by group companies £3,000 (2018 - £nil).

The company has taken advantage of the exemption within section 33 of FRS 102 from the disclosure of transactions with wholly owned subsidiaries.

Included within creditors, amounts falling due within one year, is an amount of £1,184,000 owed to a director. This balance includes accrued interest of £22,000 which was charged during the period.

Please see note 9 for compensation paid during the year to key management personnel.

The following transactions took place between the group and its associated undertaking during the year:

	2019 £'000	2018 £'000
Sale of goods	25	-
Purchase of goods	249	476

At the year end the group owed the associated undertaking £nil (2018 - £nil) in respect of trading balances.

30 Executive capital trusts

The following assets and liabilities relating to the executive capital trusts have been included within the financial statements, in accordance with section 9 of FRS 102 in respect of the resulting constructive obligation:

	Group £'000	Parent Company £'000
Short term investments	1,404	791
Provisions for liabilities and charges	(2,045)	(990)
	<u>(641)</u>	<u>(199)</u>

31 Controlling party

Group and company

The company is owned by a number of private shareholders. Accordingly there is no parent entity or ultimate controlling entity.

32 Business combinations

Acquisition of subsidiary undertaking

On 31 December 2018 the group acquired the entire share capital of Andrew Industries Development Company Limited for a total consideration of £366,000.

On 4 January 2019 the group acquired the entire share capital of PTC Products Limited for a total consideration of £133,000.

Following the acquisition, PTC Products Limited was immediately hived up into its immediate parent company, Severnside Fabrics Limited.

The initial estimate of the aggregate book value, fair value adjustments and fair value assets acquired were as follows:

	PTC Products Ltd	Andrew Industries Development Company Ltd
	Book value being fair value £'000	Book value being fair value £'000
Stocks	27	-
Debtors	-	358
Cash at bank	-	699
Creditors	(20)	(689)
	<u>7</u>	<u>368</u>
Fair value of consideration given:		
Cash	127	343
Costs of acquisition	6	23
	<u>133</u>	<u>366</u>
Goodwill arising on acquisition	<u>126</u>	<u>(2)</u>

Group turnover for the year includes £1,359,000 in respect of Andrew Industries Development Company Limited acquisition which contributed a profit before tax of £57,000.