

Company Registration No. 00374230 (England and Wales)

SLATER HARRISON & CO LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2020



SLATER HARRISON & CO LIMITED

COMPANY INFORMATION

Directors	C S Dixon J Braddock M Braddock C Hehir J Smallwood D Cazalet
Secretary	D Cazalet
Company number	00374230
Registered office	Lowerhouse Mills Bollington Macclesfield SK10 5HW
Auditor	RSM UK Audit LLP Chartered Accountants Bluebell House Brian Johnson Way Preston Lancashire PR2 5PE

SLATER HARRISON & CO LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present the strategic report for the year ended 31 December 2020.

Fair review of the business

The COVID pandemic has naturally dominated trading in 2020. The company was able react to the pandemic and ensured that a full range of safety measures were deployed so that the site became, and remains, COVID secure. This, and the diversity of Slater Harrison's product and market portfolio, has allowed the company to trade throughout the pandemic making use of Government initiatives including CJRS, Time to Pay, Rate Deferral and the Q2 2020 VAT deferral when appropriate. All accounts are fully paid up to date, the company intends to utilise the HMRC proposed scheme to repay the Q2 VAT interest free over the remainder of 2021.

A Group CBIL loan for £500k was secured in May and this has provided sufficient cash to ensure that suppliers are consistently paid on time, building goodwill in our supplier base and allowing the company to enjoy prompt payment discounts where offered. In addition, it will ensure that the Company will have sufficient cash to survive the current lockdown and emerge in a strong trading position.

Turnover showed a £1,415k reduction on 2019 sales, £479k of this shortfall related to a sizeable export contract coming to an end in 2019, this was to have been replaced by new business in the luxury and functional packaging markets unfortunately this was slow to materialise due to customer's R&D departments being furloughed for a significant part of the year. Merchants (£152k decrease), Art and Craft (276k decrease) and Framing (£280k decrease) also lost sales compared to 2019 due to the closure of high street outlets. Education sales were also significantly impacted in Q2 but recovered well as soon as schools reopened and recovered to turnover £31k below 2019.

Overall gross profit inevitably fell in 2020, however overall losses were reduced by CJRS receipts of £210k. Over the year a number of natural reductions in headcount have occurred leading to a net reduction of seven employees, which will lead to a saving of around £200k in 2021 compared to the 2019 cost base. Engaging with a respected paper industry purchasing specialist has led to a number of savings being identified which will start to be realised from Q3 2021 as existing stock and purchase orders are consumed.

During 2020 all administration expenses were significantly reduced due to the lack of travel, but in other areas particularly waste processing and machine hire will set the company up for greater efficiency in future years. The overall position for the year is a loss before tax of £113k which although unwelcome is sustainable and an achievement in itself given the extremely challenging trading conditions.

The closed LS Dixon Defined Benefit Pension scheme showed an actuarial loss in the year of £236k. The company maintained its contribution of £120k and over the year the scheme showed positive asset investment performance, however record low gilt yields have caused another increase in the valuation of the scheme's liabilities. In addition, this scheme carried a tangible administration cost of £86k in 2020.

Although the Company placed a significant focus on reducing stock levels throughout the year however they rose slightly at the end of the year due to contingency spend in case of Brexit related importing difficulties. Trade debtors increased slightly by £54k due to relatively strong finish and with no bad debts recorded in the year, while trade creditors have reduced by £32k from 2019 reflecting overall lower levels of purchasing in Q4. The cash position of the company is healthy with available reserves in excess of £300k in the invoice discounting account.

As at the end of Q1 2021 sales were £1.4M, 82% of budget as lockdown particularly affected sales in Education, Framing and Art and Craft markets, but overall sales are expected to recover to levels close to the original budget of £7.4M during the rest of 2021. Brexit has introduced a small additional amount of Import / Export administration and associated cost but otherwise appears to be manageable from a trading standpoint.

The company is looking to maintain and increase market share in the Education market through competitive tendering, deep understanding of our customer base and expanding our market share. Our product and quality of service is far higher than that of the competition, and we aim to continue to integrate closely with the national curriculum and to expand our direct delivery service. Now that schools have fully reopened in the UK we expect a strong demand for our Educational product.

SLATER HARRISON & CO LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

We are looking towards initiatives to invigorate the picture framing market through innovative new products including Centura Neon for picture framing and active membership of the Fine Art Trade Guild, the Board will continue to look for ways to consolidate this position.

Principal risks and uncertainties

Trading in the new post Brexit world has initially generated a few relatively minor administrative challenges but the Directors are confident that these remain under our control. Whilst it is likely to remain a potential hurdle to breaking into new European supply chains until the position stabilises, as soon as the pandemic situation allows the board are planning detailed discussions with potential European agents. It appears there is a widely held perception that extended supply chains are no longer sustainable, the Directors are confident that this will lead to a number of opportunities as UK and European buyers review their positions.

Environmental concerns appear to have solidified consumer perceptions and requirements and this puts Slater Harrison in a strong position as the company has placed a significant focus on our particular strengths of small to medium production runs in water-based, metal and plastic free coatings particularly for the packaging industry. Much of this work has a long gestation period and undoubtedly suffered a setback in 2020 but the Board is confident that Slater Harrison is developing an excellent market position and continuing build a presence with significant players in this market; packaging organisations, brand managers and major end consumer outlets.

The company maintains a particularly unique business strength in its relationship with Webmaster, and its highly respected aqueous self-adhesive application abilities, giving potential customers a fully integrated solution to their packaging needs. This is now being borne out by quality of enquiries that the sales team has received in recent months.

Financial risk management objectives and policies

Operation risks include environmental, health & safety and IT. A comprehensive disaster recovery plan remains in place to ensure that the business can survive any foreseeable risk, and this was put to the test from March 2020 with a number of employees successfully working from home for long periods. In addition, the Board will ensure that appropriate business insurance is held to cover business interruption as well as asset losses. We have an active Health and Safety committee, routine inspections and any issues arising are discussed at monthly board meetings.

The company is exposed to a moderate level of price risk, credit risk, liquidity risk and cash flow risk. The company has built excellent long-term relationships across the supply base, and has mitigated price risk through recent evaluation of alternative supply sources. Export credit risk has been insured for many years; this insurance was extended to cover UK sales in 2019.

Cash flow is being carefully monitored and managed, the group CBIL will provide cash security through to 2026, and an extension to the company Invoice Financing arrangement to cover export sales has been put in place as a further contingency. As part of the LS Dixon Group, the company has access to short term funds from a number of other sources should they be required.

SLATER HARRISON & CO LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Future plans

Developing our internal operations will prove a decisive factor as we supply product to increasingly exacting technical specifications. The board intend to maintain a policy of modest investment to maintain the fabric of our buildings to minimise long term cost, creating a good working environment and to portray a positive image to visitors to our site. In addition, the board will invest in our manufacturing IT capabilities in order to improve manufacturing efficiency, and to improve the Company's quality management structure through application of the BRCGS quality standards for food safety. This will complement the ISO9001 accreditation already held by Webmaster and the FSC accreditation held by Slater Harrison.

The experience and low staff turnover of our workforce is a great asset to the business. However, we have a generally aging workforce with a number of older employees either planning to retire or working reduced hours. A succession plan has been put in place to ensure that key skills are not lost, also the company has been delighted to welcome a number of apprentices into the organisation in the year who have brought with them skill, energy and IT capability.

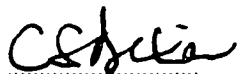
Worldwide economic conditions will continue to present challenges, especially in response to the ongoing pandemic situation. The Directors believe that our investments in sales, marketing and product sourcing will allow us to exploit opportunities that will arise. The company will continue to look to leverage its environmentally friendly product and packaging credentials and explore new markets, particularly food grade outer packaging. The Directors are confident that the company will emerge from the pandemic in a healthy state and that profitable growth will be achieved in 2021 and beyond.

Key performance indicators

Our KPI's are typical of a manufacturing company of our size and are monitored against budget and prior year equivalents. The main indicators are:

	2020	2019
Turnover	£6,138k	£7,553k
Gross profit	£829k	£1,174k
EBITDA	£70k	£108k
(Loss)/profit before tax	(£113k)	(£108k)
Employee numbers	64	71
Stock % of Sales	24.6%	20.0%

On behalf of the board



C S Dixon
Director

Date: 11/5/21

SLATER HARRISON & CO LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

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

Principal activities

The principal activity of the Company during the year was the manufacture of laminated and coated paper products.

Results and dividends

The results for the year are set out on page 9.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

C S Dixon
J Braddock
M Braddock
N Murphy
C Hehir
J Smallwood
D Cazalet

(Resigned 31 March 2020)

Auditor

The auditor, RSM UK Audit LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.


Strategic report

The information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) regulations 2008 has been included in the separate Strategic Report in accordance with section 414C (11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the Company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the Company's auditor is aware of that information.

On behalf of the board



C S Dixon
Director

Date: 11/5/21

SLATER HARRISON & CO LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SLATER HARRISON & CO LIMITED

Opinion

We have audited the financial statements of Slater Harrison & Co Limited (the 'company') for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of the company's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

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.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SLATER HARRISON & CO LIMITED (CONTINUED)

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SLATER HARRISON & CO LIMITED (CONTINUED)

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the company operates in and how the company is complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006, tax compliance regulations and the Coronavirus Job Retention Scheme (CJRS). We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included, reviewing financial statement disclosures, enquiry of management and review of board minutes to confirm no significant issues had been identified by management, obtaining a sample of calculations and understanding the nature and quantum of CJRS income receivable in the period.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to health & safety. We performed audit procedures to inquire of management whether the company was in compliance with these laws and regulations including a review of board minutes and requested sight of any other relevant correspondence in order to draw a conclusion.

The audit engagement team identified the risk of management override of controls and CJRS Furlough Income as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, if any, challenging judgments and estimates applied in the valuation of provisions in respect of stock and trade receivables. A sample of CJRS claims were vouched to supporting documents and cash receipts. We tested a sample of CJRS calculations in respect of individual employees and reviewed correspondence prepared by the Company to employees placed on furlough to communicate in line with the government guidance. We sought explanations of controls in place to ensure employees were not undertaking any activities for the company whilst furloughed.

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

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.

RSM UK Audit LLP

Anthony Steiner FCA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Bluebell House
Brian Johnson Way
Preston
Lancashire, PR2 5PE

18 May 2021

SLATER HARRISON & CO LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
Turnover	3	6,137,997	7,553,361
Cost of sales		(5,309,468)	(6,378,934)
Gross profit		828,529	1,174,427
Administrative expenses - normal		(989,189)	(1,099,298)
Administrative expenses - defined benefit pension charges		(86,271)	(81,094)
Total administrative expenses		(1,075,460)	(1,180,392)
Other operating income	3	210,647	-
Operating loss	6	(36,284)	(5,965)
Interest payable and similar expenses	7	(77,018)	(102,327)
Loss before taxation		(113,302)	(108,292)
Tax on loss	8	77,481	34,145
Loss for the financial year		(35,821)	(74,147)
Other comprehensive income net of taxation			
Actuarial loss on defined benefit pension schemes	17	(236,000)	(203,000)
Tax relating to other comprehensive income		44,840	34,510
Total comprehensive income for the year		(226,981)	(242,637)

SLATER HARRISON & CO LIMITED**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020**

	Notes	2020 £	£	2019 £	£
Fixed assets					
Intangible assets	9		11,438		26,186
Tangible assets	10		627,715		668,921
			<u>639,153</u>		<u>695,107</u>
Current assets					
Stocks	11	1,509,637		1,511,888	
Debtors falling due after more than one year	12	450,615		357,632	
Debtors falling due within one year	12	1,994,817		2,332,101	
Cash at bank and in hand		97,126		69,863	
		<u>4,052,195</u>		<u>4,271,484</u>	
Creditors: amounts falling due within one year	13	<u>(1,459,900)</u>		<u>(1,671,162)</u>	
Net current assets			<u>2,592,295</u>		<u>2,600,322</u>
Total assets less current liabilities			<u>3,231,448</u>		<u>3,295,429</u>
Net assets excluding pension liability			<u>3,231,448</u>		<u>3,295,429</u>
Defined benefit pension liability	17		<u>(2,558,000)</u>		<u>(2,395,000)</u>
Net assets			<u><u>673,448</u></u>		<u><u>900,429</u></u>
Capital and reserves					
Called up share capital	18		157,500		157,500
Capital redemption reserve	19		10,000		10,000
Profit and loss reserves	19		505,948		732,929
Total equity			<u><u>673,448</u></u>		<u><u>900,429</u></u>

The financial statements were approved by the board of directors and authorised for issue on 11/5/21 and are signed on its behalf by:



C S Dixon
Director

SLATER HARRISON & CO LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 January 2019	157,500	10,000	975,566	1,143,066
Year ended 31 December 2019:				
Loss for the year	-	-	(74,147)	(74,147)
Other comprehensive income net of taxation:				
Actuarial losses on defined benefit plans	-	-	(203,000)	(203,000)
Tax relating to other comprehensive income	-	-	34,510	34,510
Total comprehensive income for the year	-	-	(242,637)	(242,637)
Balance at 31 December 2019	157,500	10,000	732,929	900,429
Year ended 31 December 2020:				
Loss for the year	-	-	(35,821)	(35,821)
Other comprehensive income net of taxation:				
Actuarial losses on defined benefit plans	-	-	(236,000)	(236,000)
Tax relating to other comprehensive income	-	-	44,840	44,840
Total comprehensive income for the year	-	-	(226,981)	(226,981)
Balance at 31 December 2020	157,500	10,000	505,948	673,448

SLATER HARRISON & CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

Company information

Slater Harrison & Co Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Lowerhouse Mills, Bollington, Macclesfield, SK10 5HW.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the large and medium sized companies and groups (Accounts and Reports Regulations) 2008.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

In accordance with FRS 102, the company has taken advantage of the exemptions from the following disclosure requirements in respect of its individual financial statements. These disclosures are given on a consolidated basis:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the Company are consolidated in the financial statements of L S Dixon Group Limited. The consolidated financial statements of L S Dixon Group Limited are available from its registered office, Lowerhouse Mills, Bollington, Macclesfield, SK10 5HW.

Going concern

The financial statements have been prepared on a going concern basis. The Directors have prepared projections that consider the potential impact of COVID-19 and expect the Company to remain within agreed facilities and fulfil all other liabilities as they fall due for a period of at least 12 months from the date of approval of the financial statements. The overdraft facility is due to be renewed within the next 12 months as part of a 12 month rolling review, however the directors do not believe there will be any significant changes to this facility. The impact of COVID-19 has been mitigated through a reassessment of the cost base across the Company and utilising government schemes such as furloughing staff and securing a CBILs loan. As such the Directors consider it appropriate to continue to adopt the going concern basis in the preparation of the financial statements.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of laminated and coated paper products to customers during the year. Turnover is recognised at the point of transfer, of the rights and benefits of ownership, of goods to the customer, typically being on delivery. Turnover is stated less returns.

SLATER HARRISON & CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

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 accumulated impairment losses.

Amortisation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Software	25% straight line
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Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Plant and machinery	10% reducing balance
Fixtures, fittings and equipment	20% reducing balance & 25% straight line
Motor vehicles	25% reducing balance

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 profit or loss.

Impairment of fixed assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell which is net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used.

For work in progress and finished goods, cost comprises direct materials, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

SLATER HARRISON & CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

Basic financial assets

Basic financial assets, which include trade and other debtors, amounts owed by group undertakings and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans and overdrafts, and amounts owed to group undertakings, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

SLATER HARRISON & CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method, and is based on actuarial advice.

The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as an expense in measuring profit or loss in the period in which they arise.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to profit and loss in subsequent periods.

The net defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

SLATER HARRISON & CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

The government grant income received during the year ended 31 December 2020 related to the government's Coronavirus Job Retention Scheme.

The grant specifies performance conditions and is recognised in income when the performance conditions are met, which is the month in which the employees are paid. A grant received before the recognition criteria are satisfied is recognised as a liability.

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

2 Judgements and key sources of estimation uncertainty

In the application of the company'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, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements

There are no critical judgements which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities.

SLATER HARRISON & CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

2 Judgements and key sources of estimation uncertainty (Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Defined benefit pension scheme

The present value of the defined benefit pension scheme liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 17, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 December 2017 has been used by the actuary in valuing the pensions liability at 31 December 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Stock provision

The directors have made estimates and judgements in respect of the recoverable value of finished goods and made provision for any possible slow moving/obsolete stock.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2020 £	2019 £
Turnover analysed by class of business		
Sale of goods	6,137,997	7,553,361
	<u>6,137,997</u>	<u>7,553,361</u>
	2020 £	2019 £
Other revenue		
Grants received	210,647	-
	<u>210,647</u>	<u>-</u>
	2020 £	2019 £
Turnover analysed by geographical market		
United Kingdom	4,314,890	5,123,846
Europe	1,678,533	2,255,277
Asia	46,339	77,916
Other	98,235	96,322
	<u>6,137,997</u>	<u>7,553,361</u>

SLATER HARRISON & CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

4 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2020 Number	2019 Number
Production staff	44	51
Sales and administration staff	20	20
Total	64	71

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	1,694,241	1,802,622
Social security costs	150,345	161,224
Pension costs	266,529	263,587
	2,111,115	2,227,433

5 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	227,718	272,112
Company pension contributions to defined contribution schemes	32,726	38,394
	260,444	310,506

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (2019 - 4).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2020 £	2019 £
Remuneration for qualifying services	84,887	87,979
Company pension contributions to defined contribution schemes	12,600	12,286

Management recharges to Webmaster included £82,000 (2019: £80,000) in respect of directors remunerated in the company, the costs being included above, where services were undertaken for Webmaster, a fellow group company.

SLATER HARRISON & CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

6 Operating loss

	2020 £	2019 £
Operating loss for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	1,350	3,109
Government grants	(210,647)	-
Fees payable to the company's auditor for the audit of the company's financial statements	10,800	10,800
Depreciation of owned tangible fixed assets	88,806	98,441
Depreciation of tangible fixed assets held under finance leases	3,379	4,480
Loss/(profit) on disposal of tangible fixed assets	9,430	(3,465)
Amortisation of intangible assets	14,488	11,325
Operating lease charges	37,902	37,278

7 Interest payable and similar expenses

	2020 £	2019 £
Interest on bank overdrafts and loans	29,298	38,172
Interest on finance leases and hire purchase contracts	720	1,155
Net interest on the net defined benefit liability	47,000	63,000
	77,018	102,327

8 Taxation

	2020 £	2019 £
Current tax		
UK corporation tax on profits for the current period	(29,338)	(33,429)
Adjustments in respect of prior periods	-	(795)
Total current tax	(29,338)	(34,224)
Deferred tax		
Origination and reversal of timing differences	(5,632)	(20)
Changes in tax rates	(42,120)	-
Adjustment in respect of prior periods	(391)	99
Total deferred tax	(48,143)	79
Total tax credit	(77,481)	(34,145)

SLATER HARRISON & CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

8 Taxation (Continued)

The total tax credit for the year included in the income statement can be reconciled to the loss before tax multiplied by the standard rate of tax as follows:

	2020 £	2019 £
Loss before taxation	(113,302)	(108,292)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	(21,527)	(20,575)
Tax effect of expenses that are not deductible in determining taxable profit	426	1,139
Adjustments in respect of prior years	-	(795)
Remeasurement of deferred tax for changes in tax rates	(42,120)	-
Permanent capital allowances in excess of depreciation	(1,645)	198
Other non-reversing timing differences	401	-
Other permanent differences	-	171
Deferred tax adjustments in respect of prior years	(392)	4,161
Research and development	(12,624)	(14,384)
Amounts (charged)/credited to equity in respect of pension contributions	-	(4,060)
Taxation credit for the year	(77,481)	(34,145)

In addition to the amount credited to profit or loss, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2020 £	2019 £
Deferred tax arising on:		
Actuarial differences recognised as other comprehensive income	(44,840)	(34,510)

The Chancellor stated his intention to reduce the main rate of corporation to 17% from 1 April 2020. These reductions were enacted as part of the Finance Bill on 6 September 2016. On 17 March 2020 a resolution was substantively enacted to setting the rate of corporation tax at 19%. Deferred tax is provided for at 19% in these financial statements.

SLATER HARRISON & CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

9 Intangible fixed assets

	Software £
Cost	
At 1 January 2020	186,095
Additions - internally developed	8,400
Transfers to tangible fixed assets	(23,544)
At 31 December 2020	170,951
Amortisation and impairment	
At 1 January 2020	159,909
Amortisation charged for the year	14,488
Transfers to tangible fixed assets	(14,884)
At 31 December 2020	159,513
Carrying amount	
At 31 December 2020	11,438
At 31 December 2019	26,186

10 Tangible fixed assets

	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost				
At 1 January 2020	4,217,422	375,098	64,546	4,657,066
Additions	5,260	44,388	-	49,648
Disposals	(419,920)	(75,117)	(16,871)	(511,908)
Transfers from intangible fixed assets	-	23,544	-	23,544
At 31 December 2020	3,802,762	367,913	47,675	4,218,350
Depreciation and impairment				
At 1 January 2020	3,635,369	311,633	41,143	3,988,145
Depreciation charged in the year	58,786	27,286	6,113	92,185
Eliminated in respect of disposals	(412,591)	(75,117)	(16,871)	(504,579)
Transfers from intangible fixed assets	-	14,884	-	14,884
At 31 December 2020	3,281,564	278,686	30,385	3,590,635
Carrying amount				
At 31 December 2020	521,198	89,227	17,290	627,715
At 31 December 2019	582,053	63,465	23,403	668,921

SLATER HARRISON & CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

10 Tangible fixed assets (Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases:

	2020 £	2019 £
Motor vehicles	-	13,516

11 Stocks

	2020 £	2019 £
Raw materials and consumables	913,153	753,962
Work in progress	143,423	163,873
Finished goods and goods for resale	453,061	594,053
	<u>1,509,637</u>	<u>1,511,888</u>

12 Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	884,396	830,738
Corporation tax recoverable	29,338	33,429
Amounts owed by group undertakings	935,435	1,341,334
Other debtors	15,329	140
Prepayments and accrued income	130,319	126,460
	<u>1,994,817</u>	<u>2,332,101</u>

	2020 £	2019 £
Amounts falling due after more than one year:		
Deferred tax asset (note 16)	<u>450,615</u>	<u>357,632</u>
Total debtors	<u>2,445,432</u>	<u>2,689,733</u>

SLATER HARRISON & CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

13 Creditors: amounts falling due within one year

	Notes	2020 £	2019 £
Invoice discounting facility	14	454,266	554,086
Bank overdrafts	14	-	88,301
Obligations under finance leases	15	-	7,921
Trade creditors		713,942	746,305
Taxation and social security		146,229	124,631
Other creditors		2,766	303
Accruals and deferred income		142,697	149,615
		<u>1,459,900</u>	<u>1,671,162</u>

Included within bank loans & overdrafts is an invoice discounting facility of £454,266 (2019: £554,086), security is provided over the trade debtors of the company. The overdraft is secured by a debenture over the assets of the company, excluding the trade debtors. Hire purchase agreements are secured against the assets to which they relate.

14 Borrowings

	2020 £	2019 £
Bank loans	454,266	554,086
Bank overdrafts	-	88,301
	<u>454,266</u>	<u>642,387</u>
Payable within one year	<u>454,266</u>	<u>642,387</u>

15 Finance lease obligations

	2020 £	2019 £
Future minimum lease payments due under finance leases:		
Less than one year	-	7,921

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The average term of finance leases entered into is 24 months.

SLATER HARRISON & CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

16 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Assets 2020 £	Assets 2019 £
Balances:		
Accelerated capital allowances	(82,278)	(84,311)
Tax losses carried forward	44,186	32,133
Deferred tax in respect of the defined benefit scheme	488,707	409,810
	<u>450,615</u>	<u>357,632</u>
Movements in the year:		2020 £
Asset at 1 January 2020		(357,632)
Credit to profit or loss		(48,143)
Credit to other comprehensive income		(44,840)
Asset at 31 December 2020		<u>(450,615)</u>

The deferred tax asset set out above is expected to reverse after 12 months and relates mainly to the pension movement. The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

17 Retirement benefit schemes

	2020 £	2019 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	180,258	182,493

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

Defined benefit schemes

The company operates a pension scheme providing benefits based on final pensionable salary. The defined benefit scheme was closed to future accrual, effective 30 September 2014. The latest full actuarial valuation was carried out on 31 December 2017 and was updated for the purposes of these financial statements to 31 December 2020 by a qualified, independent actuary.

SLATER HARRISON & CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

17 Retirement benefit schemes (Continued)

	2020	2019
	%	%
<i>Key assumptions</i>		
Discount rate	1.3	2.0
Expected rate of future inflation - RPI	3.2	3.2
<i>Mortality assumptions</i>	2020	2019
	Years	Years
Assumed life expectations on retirement at age 65:		
Retiring today		
- Males	87	87
- Females	89	89
Retiring in 20 years		
- Males	88	89
- Females	90	91
	2020	2019
	£	£
<i>Amounts recognised in the income statement</i>		
Net interest on defined benefit liability/(asset)	47,000	63,000
	2020	2019
	£	£
<i>Amounts taken to other comprehensive income</i>		
Actual return on scheme assets	(1,297,000)	(1,665,000)
Less: calculated interest element	206,000	260,000
Return on scheme assets excluding interest income	(1,091,000)	(1,405,000)
Actuarial changes related to obligations	1,327,000	1,608,000
Total costs	236,000	203,000
The amounts included in the statement of financial position arising from the company's obligations in respect of defined benefit plans are as follows:		
	2020	2019
	£	£
Present value of defined benefit obligations	13,977,000	12,863,000
Fair value of plan assets	(11,419,000)	(10,468,000)
Deficit in scheme	2,558,000	2,395,000

SLATER HARRISON & CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

17 Retirement benefit schemes (Continued)

	2020
	£
<i>Movements in the present value of defined benefit obligations</i>	
Liabilities at 1 January 2020	12,863,000
Benefits paid	(466,000)
Actuarial gains and losses	1,327,000
Interest cost	253,000
At 31 December 2020	<u>13,977,000</u>

	2020
	£
<i>The defined benefit obligations arise from plans funded as follows:</i>	
Wholly unfunded obligations	-
Wholly or partly funded obligations	13,977,000
	<u>13,977,000</u>

	2020
	£
<i>Movements in the fair value of plan assets</i>	
Fair value of assets at 1 January 2020	10,468,000
Interest income	206,000
Return on plan assets (excluding amounts included in net interest)	1,091,000
Benefits paid	(466,000)
Contributions by the employer	120,000
At 31 December 2020	<u>11,419,000</u>

The actual return on plan assets was £1,297,000 (2019 : £1,665,000).

	2020	2019
	£	£
<i>The analysis of the scheme assets at the reporting date were as follows:</i>		
Equity instruments	7,710,000	4,811,000
Gilts	52,000	642,000
Bonds	698,000	2,716,000
Cash	428,000	797,000
LDI	2,531,000	1,502,000
	<u>11,419,000</u>	<u>10,468,000</u>

SLATER HARRISON & CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

18 Share capital

	2020 Number	2019 Number	2020 £	2019 £
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	157,500	157,500	157,500	157,500

Each share is entitled to one vote in any circumstances.

19 Reserves

Capital redemption reserve

The capital redemption reserve represents the par value of shares redeemed by the company.

Profit and loss reserves

The profit and loss reserve represents earnings net of distributions to owners.

20 Financial commitments, guarantees and contingent liabilities

The company has executed a guarantee in the sum of £30,000 (2019: £30,000) in respect of deferred duty payments.

The company has entered into an unlimited cross-guarantee structure in favour of National Westminster Bank PLC in respect of overdraft and loan facilities granted to other fellow subsidiary undertakings and LS Dixon Group Limited. The cross-guarantee structure is supported by mortgage debentures in favour of National Westminster Bank PLC over the assets and undertaking of the company and group. Total group borrowings at 31 December 2020 amounted to £1,051,530 (2019: £834,336).

21 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020 £	2019 £
Within one year	50,460	31,145
Between one and five years	137,669	72,429
	<u>188,129</u>	<u>103,574</u>

22 Related party transactions

The company has taken advantage of the exemption under FRS102, not to disclose transactions during the year with other group undertakings on the grounds that it is a wholly owned subsidiary where the ultimate parent company prepares group accounts.

SLATER HARRISON & CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

23 Ultimate controlling party

The directors consider the immediate and ultimate holding company to be LS Dixon Group Limited, a company incorporated in England and Wales. LS Dixon Group Limited is the only undertaking preparing group accounts to include the financial statements of the company. The consolidated financial statements of LS Dixon Group Limited can be obtained from the registered office.

The company is a subsidiary of LS Dixon Group Limited and was controlled by it. LS Dixon Group Limited is ultimately controlled by its directors, by virtue of their shareholdings.