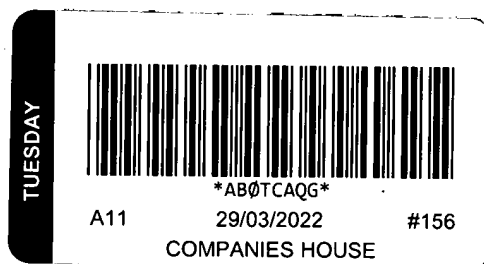


Company Registration No. 05502099 (England and Wales)

SHAWSTON HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021





SHAWSTON HOLDINGS LIMITED

COMPANY INFORMATION

Directors	Mr R Davenport Mrs M Davenport Mr G P Wilkins Mr C Borkett
Company number	05502099
Registered office	Office 34 The Forum Tameside Business Park Denton Manchester M34 3QS
Auditor	Bennett Verby Limited 7 St Petersgate Stockport Cheshire SK1 1EB
Business address	Office 34 The Forum Tameside Business Park Denton Manchester M34 3QS
Solicitors	Nexus Solicitors Carlton House 16-18 Albert Square Manchester M2 5PE

SHAWSTON HOLDINGS LIMITED

CONTENTS

	Page
Strategic report	1
Directors' report	2
Directors' responsibilities statement	3
Independent auditor's report	4 - 6
Group statement of comprehensive income	7
Group balance sheet	8
Company balance sheet	9
Group statement of changes in equity	10
<i>Company statement of changes in equity</i>	11
Group statement of cash flows	12
Company statement of cash flows	13
Notes to the financial statements	14 - 33

SHAWSTON HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2021

The directors present the strategic report for the year ended 31 March 2021.

The main operating businesses are:

Shawston International Limited, the performance of which is reviewed below, and

Evalve Limited, which was acquired on 2nd March 2021, so these results only include 4 weeks of trading from Evalve Limited and are not covered in the following commentary.

Fair review of the business

Shawston International was seriously affected by the disruptions due to Covid-19 during the financial year. However, the business remained open throughout the various lockdown periods, supplying critical products to the fire sprinkler market, albeit at reduced capacity. It is a testament to the commitment of all employees, who consistently went the extra mile throughout, that the business was able to continue trading during a very difficult period, and to be able to maintain customer service levels in a challenging environment.

Subsequently Shawston was able to report satisfactory results under the circumstances, with revenues down by 12%, and operating profit down by 15%.

Principal risks and uncertainties

The main risks to the business are uncertainties throughout the supply chain and the ability to attract and retain high calibre employees. To mitigate the supply chain risks, Shawston continues to invest considerable resources in customer and supplier relationships, holds significant stock levels and maintains a solid Balance Sheet policy. To address the employee risk, Shawston embraced Employee Ownership in 2015, using the Direct Ownership model, and continues to invest heavily in this area. The Directors believe this is critical to the future success of the business, resulting in superior customer service and employee retention.

Development and performance

Demand has remained strong in the 12 months following the end of these accounts, and both Shawston and Evalve are expected to report a satisfactory set of trading results to March 2022.

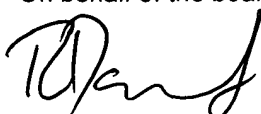
Key performance indicators

The directors consider the Key Performance Indicators to be:

Operating Profit : 6.9% (2020: 7.1%)

Profit Before Tax : 6.2% (2020: 6.4%)

On behalf of the board



Mr R Davenport
Director

25 March 2022

SHAWSTON HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2021

The directors present their annual report and financial statements for the year ended 31 March 2021.

Principal activities

The principal activity of the company continued to be that of an investment holding company.

The principal activity of the group continued to be that of the design, manufacture, and distribution of support systems for fire sprinklers and general engineering.

Results and dividends

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £180,000. The directors do not recommend payment of a further dividend.

No preference 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:

Mr R Davenport
Mrs M Davenport
Mr G P Wilkins
Mr C Borkett

Auditor

In accordance with the company's articles, a resolution proposing that Bennett Verby Limited be reappointed as auditor of the group will be put at a General Meeting.

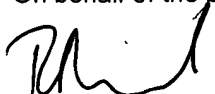
Strategic report

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of the fair review of the business, principal risks and uncertainties, development and performance and key performance indicators.

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 auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board



Mr R Davenport
Director

25 March 2022

SHAWSTON HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2021

The directors are responsible for preparing the Annual 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 group and company, 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 accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the company website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

SHAWSTON HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SHAWSTON HOLDINGS LIMITED

Opinion

We have audited the financial statements of Shawston Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2021 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, the company statement of cash flows 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 group's and the parent company's affairs as at 31 March 2021 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

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 group's and parent 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.

SHAWSTON HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF SHAWSTON HOLDINGS LIMITED

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our 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 the 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 where 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 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 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.

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the industry;
- we focussed on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation, data protection, anti-bribery, employment, environmental and health and safety legislation;
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit;

SHAWSTON HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SHAWSTON HOLDINGS LIMITED

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to whether they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify and unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias;
- investigated the rationale behind significant or unusual transactions

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;
- reviewing correspondence with HMRC, relevant regulators and the company's legal advisors.

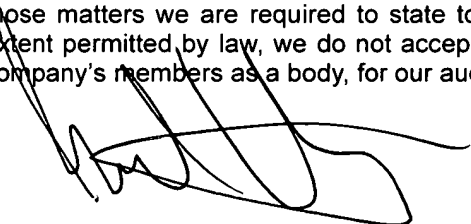
There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

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.



Bernard Verby (Senior Statutory Auditor)
For and on behalf of Bennett Verby Limited
Chartered Certified Accountants
Statutory Auditor
7 St Petersgate
Stockport
Cheshire
SK1 1EB

25 March 2022

SHAWSTON HOLDINGS LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	2020 £
Turnover		17,460,439	19,552,879
Cost of sales		(11,775,116)	(13,128,848)
Gross profit		5,685,323	6,424,031
Distribution costs		(528,882)	(631,725)
Administrative expenses		(4,193,207)	(4,622,352)
Other operating income		25,354	8,271
Operating profit	3	988,588	1,178,225
Interest receivable and similar income	7	180	(7,815)
Interest payable and similar expenses	8	(128,308)	(160,962)
Profit before taxation		860,460	1,009,448
Tax on profit	9	(125,624)	(186,328)
Profit for the financial year		734,836	823,120

Profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

The profit and loss account has been prepared on the basis that all operations are continuing operations.

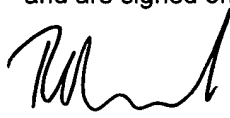
SHAWSTON HOLDINGS LIMITED

GROUP BALANCE SHEET

AS AT 31 MARCH 2021

	Notes	2021		2020	
		£	£	£	£
Fixed assets					
Goodwill	11		4,107,871		2,245,835
Tangible assets	12		428,224		623,037
Investments	13		375,783		-
			<u>4,911,878</u>		<u>2,868,872</u>
Current assets					
Stocks	15	4,056,118		3,711,965	
Debtors	16	7,916,341		6,409,353	
Cash at bank and in hand		2,554,635		688,858	
		<u>14,527,094</u>		<u>10,810,176</u>	
Creditors: amounts falling due within one year	17	(8,791,827)		(5,754,754)	
Net current assets			<u>5,735,267</u>		<u>5,055,422</u>
Total assets less current liabilities			<u>10,647,145</u>		<u>7,924,294</u>
Creditors: amounts falling due after more than one year	18		(4,542,708)		(3,444,304)
Provisions for liabilities					
Deferred tax liability	21	24,311		54,700	
		<u>(24,311)</u>		<u>(54,700)</u>	
Net assets			<u>6,080,126</u>		<u>4,425,290</u>
Capital and reserves					
Called up share capital	23		62,288		58,966
Share premium account			4,176,413		3,079,735
Profit and loss reserves			1,841,425		1,286,589
Total equity			<u>6,080,126</u>		<u>4,425,290</u>

The financial statements were approved by the board of directors and authorised for issue on 25 March 2022 and are signed on its behalf by:


Mr R Davenport
Director

SHAWSTON HOLDINGS LIMITED

COMPANY BALANCE SHEET

AS AT 31 MARCH 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Investments	13		9,258,601		6,391,606
Current assets					
Debtors	16	89,466		60,218	
Cash at bank and in hand		72,089		-	
		161,555		60,218	
Creditors: amounts falling due within one year	17	(5,163,624)		(3,313,723)	
Net current liabilities			(5,002,069)		(3,253,505)
Total assets less current liabilities			4,256,532		3,138,101
Creditors: amounts falling due after more than one year	18		1,162		1,162
Net assets			4,257,694		3,139,263
Capital and reserves					
Called up share capital	23		62,288		58,966
Share premium account			4,176,413		3,079,735
Profit and loss reserves			18,993		562
Total equity			4,257,694		3,139,263

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £198,430 (2020 - £59,058 profit).

The financial statements were approved by the board of directors and authorised for issue on 25 March 2022 and are signed on its behalf by:



Mr R Davenport
Director

Company Registration No. 05502099

SHAWSTON HOLDINGS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

	Notes	Share capital £	Share premium account £	Own shares £	Profit and loss reserves £	Total £
Balance at 1 April 2019		58,966	3,079,735	-	629,267	3,767,968
Year ended 31 March 2020:						
Profit and total comprehensive income for the year		-	-	-	823,120	823,120
Dividends	10	-	-	-	(165,798)	(165,798)
Own shares acquired		-	-	(110,409)	-	(110,409)
Reduction of shares	23	(867)	-	-	-	(867)
Other movements		867	-	110,409	-	111,276
Balance at 31 March 2020		58,966	3,079,735	-	1,286,589	4,425,290
Year ended 31 March 2021:						
Profit and total comprehensive income for the year		-	-	-	734,836	734,836
Issue of share capital	23	3,322	1,096,678	-	-	1,100,000
Dividends	10	-	-	-	(180,000)	(180,000)
Balance at 31 March 2021		62,288	4,176,413	-	1,841,425	6,080,126

SHAWSTON HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	Share capital £	Share premium account £	Own shares £	Profit and loss reserves £	Total £
Balance at 1 April 2019		58,966	3,079,735	-	107,302	3,246,003
Year ended 31 March 2020:						
Profit and total comprehensive income for the year		-	-	-	59,058	59,058
Dividends	10	-	-	-	(165,798)	(165,798)
Own shares acquired		-	-	(110,409)	-	(110,409)
Reduction of shares	23	(867)	-	-	-	(867)
Other movements		867	-	110,409	-	111,276
Balance at 31 March 2020		58,966	3,079,735	-	562	3,139,263
Year ended 31 March 2021:						
Profit and total comprehensive income for the year		-	-	-	198,431	198,431
Issue of share capital	23	3,322	1,096,678	-	-	1,100,000
Dividends	10	-	-	-	(180,000)	(180,000)
Balance at 31 March 2021		62,288	4,176,413	-	18,993	4,257,694

SHAWSTON HOLDINGS LIMITED

GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash generated from operations	26	1,920,847		1,205,021	
Interest paid		(128,308)		(160,962)	
Income taxes refunded		54,325		81,993	
Net cash inflow from operating activities		1,846,864		1,126,052	
Investing activities					
Purchase of intangible assets		(2,168,873)		-	
Purchase of tangible fixed assets		(66,038)		(251,581)	
Proceeds on disposal of tangible fixed assets		-		68,635	
Purchase of investments		(375,783)		-	
Receipts arising from loans made		610,535		(835,800)	
Interest received		180		(7,815)	
Net cash used in investing activities		(1,999,979)		(1,026,561)	
Financing activities					
Proceeds from issue of shares		1,100,000		110,409	
Purchase of treasury shares		-		(110,409)	
Repayment of borrowings		(1,774,577)		(269,894)	
Proceeds of new bank loans		3,000,000		-	
Payment of finance leases obligations		(126,531)		80,868	
Dividends paid to equity shareholders		(180,000)		(165,798)	
Net cash generated from/(used in) financing activities		2,018,892		(354,824)	
Net increase/(decrease) in cash and cash equivalents		1,865,777		(255,333)	
Cash and cash equivalents at beginning of year		688,858		944,191	
Cash and cash equivalents at end of year		2,554,635		688,858	

SHAWSTON HOLDINGS LIMITED

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash generated from operations	27	1,839,084		691,740	
Interest paid		-		(17,942)	
Net cash inflow from operating activities		1,839,084		673,798	
Investing activities					
Purchase of subsidiaries		(2,019,212)		-	
Proceeds on disposal of subsidiaries		(472,000)		-	
Purchase of investments		(375,783)		-	
Dividends received		180,000		77,000	
Net cash (used in)/generated from investing activities		(2,686,995)		77,000	
Financing activities					
Proceeds from issue of shares		1,100,000		110,409	
Purchase of treasury shares		-		(110,409)	
Repayment of borrowings		-		(585,000)	
Dividends paid to equity shareholders		(180,000)		(165,798)	
Net cash generated from/(used in) financing activities		920,000		(750,798)	
Net increase in cash and cash equivalents		72,089		-	
Cash and cash equivalents at beginning of year		-		-	
Cash and cash equivalents at end of year		72,089		-	

SHAWSTON HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

Company information

Shawston Holdings Limited ("the company") is a limited company domiciled and incorporated in England and Wales. The registered office is Suite 35 The Forum, Tameside Business Park, Denton, Manchester, M34 3QS.

The group consists of Shawston Holdings Limited and all of its subsidiaries.

1.1 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.

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 pound.

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

1.2 Business combinations

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

1.3 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company Shawston Holdings Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 March 2021. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-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.

These financial statements consolidate the results of the company and its wholly owned subsidiaries, Shawston International Limited and International Pipe and Supports Limited, on a line-by-line basis.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates.

SHAWSTON HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

Investments in joint ventures and associates are carried in the group balance sheet at cost plus post-acquisition changes in the group's share of the net assets of the entity, less any impairment in value. The carrying values of investments in joint ventures and associates include acquired goodwill.

If the group's share of losses in a joint venture or associate equals or exceeds its investment in the joint venture or associate, the group does not recognise further losses unless it has incurred obligations to do so or has made payments on behalf of the joint venture or associate.

Unrealised gains arising from transactions with joint ventures and associates are eliminated to the extent of the group's interest in the entity.

1.4 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.5 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.6 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 20 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

SHAWSTON HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

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

Land and buildings Freehold	Straight Line Over Lease Life
Office equipment	33% Straight Line
Plant and machinery	15% Straight Line
Fixtures, fittings & equipment	20% Straight Line
Motor vehicles	25% Straight Line

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 recognised in the profit and loss account.

1.8 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

SHAWSTON HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.9 Impairment of fixed assets

At each reporting period end date, the group 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). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.10 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.11 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

SHAWSTON HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.12 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors 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 unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

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.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

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 group after deducting all of its liabilities.

SHAWSTON HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date 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 profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.13 Equity instruments

Equity instruments issued by the group are recorded at the 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 group.

1.14 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.15 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

SHAWSTON HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.16 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.

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

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.

1.17 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.18 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 balance sheet 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 leased asset are consumed.

SHAWSTON HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.19 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.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.20 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of 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.

3 Operating profit

	2021 £	2020 £
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	-	(39,672)
Government grants	(25,354)	-
Depreciation of owned tangible fixed assets	260,849	257,252
Profit on disposal of tangible fixed assets	-	(1,652)
Amortisation of intangible assets	306,838	278,726
Cost of stocks recognised as an expense	10,693,023	11,721,180
Operating lease charges	511,056	398,156
	<u> </u>	<u> </u>

4 Auditor's remuneration

	2021 £	2020 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	3,250	2,700
Audit of the financial statements of the company's subsidiaries	16,500	14,400
	<u> </u>	<u> </u>
	19,750	17,100
	<u> </u>	<u> </u>

SHAWSTON HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

4 Auditor's remuneration (Continued)

For other services

All other non-audit services	3,000	5,547
------------------------------	-------	-------

5 Employees

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

	Group 2021 Number	2020 Number	Company 2021 Number	2020 Number
Administration	27	20	-	-
Sales	19	22	-	-
Drivers	15	16	-	-
Fabrication	12	14	-	-
Stores	34	31	-	-
Finance	22	8	-	-
Total	129	111	-	-

Their aggregate remuneration comprised:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Wages and salaries	2,382,475	2,881,841	112,264	-
Social security costs	230,647	244,116	6,135	-
Pension costs	66,279	61,870	1,231	-
	2,679,401	3,187,827	119,630	-

6 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	112,264	-
Company pension contributions to defined contribution schemes	1,231	-
	113,495	-

SHAWSTON HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

7 Interest receivable and similar income

	2021 £	2020 £
Interest income		
Interest on bank deposits	180	456
Other interest income	-	(8,271)
Total income	180	(7,815)
Investment income includes the following:		
Interest on financial assets not measured at fair value through profit or loss	180	456

8 Interest payable and similar expenses

	2021 £	2020 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	109,596	46,321
Interest on invoice finance arrangements	8,612	84,818
Other interest on financial liabilities	-	17,942
	118,208	149,081
Other finance costs:		
Interest on finance leases and hire purchase contracts	10,100	11,881
Total finance costs	128,308	160,962

9 Taxation

	2021 £	2020 £
Current tax		
UK corporation tax on profits for the current period	160,016	171,425
Adjustments in respect of prior periods	570	-
Total current tax	160,586	171,425
Deferred tax		
Origination and reversal of timing differences	(34,962)	14,903
Total tax charge	125,624	186,328

SHAWSTON HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

9 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021 £	2020 £
Profit before taxation	860,460	1,009,448
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	163,487	191,795
Tax effect of expenses that are not deductible in determining taxable profit	5,094	10,784
Tax effect of income not taxable in determining taxable profit	-	(314)
Change in unrecognised deferred tax assets	34,962	23,874
Adjustments in respect of prior years	570	-
Permanent capital allowances in excess of depreciation	(15,189)	(17,762)
Amortisation on assets not qualifying for tax allowances	58,300	52,472
Research and development tax credit	(87,400)	(65,550)
Deferred tax adjustments in respect of prior years	-	(8,971)
Dividend income	(34,200)	-
Taxation charge	125,624	186,328

10 Dividends

	2021 £	2020 £
Recognised as distributions to equity holders:		
Interim paid	180,000	165,798

SHAWSTON HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

11 Intangible fixed assets

Group	Goodwill £
Cost	
At 1 April 2020	5,597,092
Additions - separately acquired	2,168,873
	<hr/>
At 31 March 2021	7,765,965
	<hr/>
Amortisation and impairment	
At 1 April 2020	3,351,256
Amortisation charged for the year	306,838
	<hr/>
At 31 March 2021	3,658,094
	<hr/>
Carrying amount	
At 31 March 2021	4,107,871
	<hr/>
At 31 March 2020	2,245,835
	<hr/>

The company had no intangible fixed assets at 31 March 2021 or 31 March 2020.

SHAWSTON HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

12 Tangible fixed assets

Group	Land and buildings Freehold	Office equipment	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 April 2020	-	370,140	761,628	129,098	631,681	1,892,547
Additions	-	18,566	2,431	9,049	-	30,046
Business combinations	11,256	-	24,734	-	-	35,990
At 31 March 2021	11,256	388,706	788,793	138,147	631,681	1,958,583
Depreciation and impairment						
At 1 April 2020	-	302,739	637,002	74,179	255,590	1,269,510
Depreciation charged in the year	156	43,166	42,255	21,428	153,844	260,849
At 31 March 2021	156	345,905	679,257	95,607	409,434	1,530,359
Carrying amount						
At 31 March 2021	11,100	42,801	109,536	42,540	222,247	428,224
At 31 March 2020	-	67,401	124,626	54,919	376,091	623,037

The company had no tangible fixed assets at 31 March 2021 or 31 March 2020.

13 Fixed asset investments

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Investments in subsidiaries	14	-	-	8,882,818	6,391,606
Unlisted investments		375,783	-	375,783	-
		375,783	-	9,258,601	6,391,606

On the 2 March 2021 Shawston Holdings Limited purchased 100% of the share capital of Evalve Limited.

On 16 October 2020 Shawston Holdings Limited purchased 10% of the share capital of R Tindall (Fabricators) Limited.

SHAWSTON HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

13 Fixed asset investments (Continued)

Movements in fixed asset investments Group

Investments
£

Cost or valuation

At 1 April 2020

-

Additions

375,783

At 31 March 2021

375,783

Carrying amount

At 31 March 2021

375,783

At 31 March 2020

-

Movements in fixed asset investments Company

Shares in subsidiaries £	Other investments £	Total £
--------------------------------	---------------------------	------------

Cost or valuation

At 1 April 2020

6,391,606

-

6,391,606

Additions

2,491,212

375,783

2,866,995

At 31 March 2021

8,882,818

375,783

9,258,601

Carrying amount

At 31 March 2021

8,882,818

375,783

9,258,601

At 31 March 2020

6,391,606

-

6,391,606

14 Subsidiaries

Details of the company's subsidiaries at 31 March 2021 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
International Pipe and Supports Limited	England	Ordinary	100.00
Shawston International Limited	England	Ordinary	100.00
Tipton-Jones Limited	England	Ordinary	100.00
Evalue Limited	England	Ordinary	100.00

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

SHAWSTON HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

14 Subsidiaries

(Continued)

Name of undertaking	Capital and Reserves £	Profit/(Loss) £
International Pipe and Supports Limited	(19,292)	-
Shawston International Limited	5,405,696	939,037
Tipton-Jones Limited	858,780	(570)
Evalve Limited	351,986	237,520

The investments in subsidiaries are all stated at cost.

The results of International Pipe and Supports Limited, Tipton-Jones Limited, Evalve Limited and Shawston International Limited are included in the consolidated accounts.

15 Stocks

	Group 2021 £	2020 £	Company 2021 £	2020 £
Finished goods and goods for resale	4,056,118	3,711,965	-	-

16 Debtors

	Group 2021 £	2020 £	Company 2021 £	2020 £
Amounts falling due within one year:				
Trade debtors	5,882,782	4,621,331	28,245	-
Unpaid share capital	8,447	8,447	8,447	8,447
Amounts owed by group undertakings	-	-	51,771	51,771
Other debtors	1,253,305	1,293,244	1,003	-
Prepayments and accrued income	771,807	486,331	-	-
	<u>7,916,341</u>	<u>6,409,353</u>	<u>89,466</u>	<u>60,218</u>

SHAWSTON HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

17 Creditors: amounts falling due within one year

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Obligations under finance leases	20	141,828	141,340	-	-
Trade creditors		4,843,047	3,355,972	28,755	-
Amounts owed to group undertakings	1	-	-	5,030,012	3,313,188
Corporation tax payable		666,841	456,503	4,323	-
Other taxation and social security		729,778	277,794	-	-
Other creditors		497,865	33,237	100,210	210
Accruals and deferred income		1,912,467	1,489,908	324	325
		<u>8,791,827</u>	<u>5,754,754</u>	<u>5,163,624</u>	<u>3,313,723</u>

18 Creditors: amounts falling due after more than one year

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Bank loans and overdrafts	19	3,000,000	-	-	-
Obligations under finance leases	20	213,092	340,111	-	-
Other borrowings	19	1,329,616	3,104,193	(1,162)	(1,162)
		<u>4,542,708</u>	<u>3,444,304</u>	<u>(1,162)</u>	<u>(1,162)</u>

19 Loans and overdrafts

	Group 2021 £	2020 £	Company 2021 £	2020 £
Bank loans	3,000,000	-	-	-
Other loans	1,329,616	3,104,193	(1,162)	(1,162)
	<u>4,329,616</u>	<u>3,104,193</u>	<u>(1,162)</u>	<u>(1,162)</u>
Payable after one year	<u>4,329,616</u>	<u>3,104,193</u>	<u>(1,162)</u>	<u>(1,162)</u>

The Royal Bank of Scotland holds a charge over the assets of the company as security on the company's overdraft and loans. The overdrafts and loans are also secured by a cross company guarantee with Shawston International Limited and International Pipe and Supports Limited.

SHAWSTON HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

20 Finance lease obligations

	Group 2021 £	2020 £	Company 2021 £	2020 £
Future minimum lease payments due under finance leases:				
Within one year	141,828	141,340	-	-
In two to five years	213,092	340,111	-	-
	<u>354,920</u>	<u>481,451</u>	<u>-</u>	<u>-</u>

Finance lease payments represent rentals payable by the company or group 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. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

21 Deferred taxation

Deferred tax assets and liabilities are offset where the group or 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:

	Liabilities 2021 £	Liabilities 2020 £
Group		
ACAs	<u>24,311</u>	<u>54,700</u>

The company has no deferred tax assets or liabilities.

	Group 2021 £	Company 2021 £
Movements in the year:		
Liability at 1 April 2020	54,700	-
Credit to profit or loss	(36,168)	-
Liability at 31 March 2021	<u>18,532</u>	<u>-</u>

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.

22 Retirement benefit schemes

	2021 £	2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>66,279</u>	<u>61,870</u>

SHAWSTON HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

22 Retirement benefit schemes

(Continued)

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

23 Share capital

	Group and company	
	2021	2020
	£	£
Ordinary share capital		
Issued and not fully paid		
37,500 Ordinary A of 0.4p each	150	150
1,128,543 Ordinary B of 0.4p each	5,381	5,381
13,103,457 Ordinary C of 0.4p each	54,869	51,547
	<u>60,400</u>	<u>57,078</u>
Preference share capital		
Issued and fully paid		
472,000 Preference of 0.4p each	<u>1,888</u>	<u>1,888</u>

Ordinary "A" shares have the right to receive notice of, attend and vote at general meetings. They also have the right to participate in the profits of the company and on a return of capital.

Ordinary "B" shares have no right to receive notice of, attend or vote at general meetings. They do have the right to participate in the profits of the company and on a return of capital.

Ordinary "C" shares have no right to receive notice of, attend or vote at general meetings. They do have the right to participate in the profits of the company and on a return of capital.

Preference shares have no right to receive notice of, attend or vote at general meetings. Any dividend payment determined to be distributed by the board shall first be paid to preference share holders. There is no obligation on the company to pay a dividend and the shares are only redeemable at the discretion of the company.

During the year the following changes in share capital occurred -

830,500 Ordinary "C" shares were issued during the year.

SHAWSTON HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

24 Operating lease commitments

Lessee

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

	Group 2021 £	2020 £	Company 2021 £	2020 £
Within one year	561,202	657,279	-	-
Between two and five years	634,755	1,055,508	-	-
In over five years	84,333	210,833	-	-
	<u>1,280,290</u>	<u>1,923,620</u>	<u>-</u>	<u>-</u>

25 Controlling party

The company is under the control of R Davenport and M Davenport as they own 67% of the voting share capital of the company.

26 Cash generated from group operations

	2021 £	2020 £
Profit for the year after tax	734,836	823,120
Adjustments for:		
Taxation charged	125,624	186,328
Finance costs	128,308	160,962
Investment income	(180)	7,815
Gain on disposal of tangible fixed assets	-	(1,652)
Amortisation and impairment of intangible assets	306,838	278,726
Depreciation and impairment of tangible fixed assets	260,849	257,252
Movements in working capital:		
(Increase)/decrease in stocks	(344,152)	232,061
(Increase)/decrease in debtors	(2,117,523)	638,797
Increase/(decrease) in creditors	2,826,247	(1,378,388)
Cash generated from operations	<u>1,920,847</u>	<u>1,205,021</u>

SHAWSTON HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

27 Cash generated from operations - company

	2021 £	2020 £
Profit for the year after tax	198,431	59,058
Adjustments for:		
Taxation charged	4,323	-
Finance costs	-	17,942
Investment income	(180,000)	(77,000)
Movements in working capital:		
(Increase)/decrease in debtors	(29,248)	120,000
Increase in creditors	1,845,578	571,740
Cash generated from operations	1,839,084	691,740

28 Analysis of changes in net debt - group

	1 April 2020 £	Cash flows £	31 March 2021 £
Cash at bank and in hand	688,858	1,865,777	2,554,635
Borrowings excluding overdrafts	(3,104,193)	(1,225,423)	(4,329,616)
Obligations under finance leases	(481,451)	126,531	(354,920)
	(2,896,786)	766,885	(2,129,901)

29 Analysis of changes in net funds - company

	1 April 2020 £	Cash flows £	31 March 2021 £
Cash at bank and in hand	-	72,089	72,089
Borrowings excluding overdrafts	1,162	-	1,162
	1,162	72,089	73,251