

AMENDED

Financial Statements Seddon Engineering Holdings Limited

For the year ended 31 December 2015



Registered number: 08461559

Company information

Company registration number	08461559
Registered office	Units A2-A6 Edgefold Industrial Estate Plodder Lane Farnworth Bolton BL4 0LR
Directors	S J Seddon G Seddon K L Whitaker
Company secretary	S J Cook
Bankers	Barclays Bank plc 3 Hardman Street Manchester M3 3HF
Auditor	Grant Thornton UK LLP Chartered Accountants and Statutory Auditor 4 Hardman Square Spinningfields Manchester M3 3EB

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Strategic report

Principal activities

The principal activity of the group during the year was that of the manufacture, distribution and servicing of contractors plant and equipment and the sale of spare parts and equipment. The Group also includes activities such as:

- manufacture and sale of Winget Mixers and dumpers
- vehicle sales, servicing and repairs
- property holding and management
- land development.

The principal activity of the company is that of a holding company for the trading entities held as subsidiaries and joint ventures.

Review of the business

Turnover of the Group for the year ending 31 December 2015 was £22,833k (2014: £23,261k) generating a profit before tax of £417k (2014: loss of £8,370k). The loss in 2014 is after recognising a loss on disposal of £8,979,000 in respect of a demerger of a subsidiary undertaking as part of the reorganisation of the Group.

The balance sheet of the group is strong, comprising £24,527k (2014: £24,070k) of net assets, of which £7,167k (2014: £6,379k) is in cash.

The directors have monitored the progress of the group by reference to certain financial and non-financial key performance indicators:

	2016	2015	Measure
Gross profit %	12.8%	13.2%	Gross profit/turnover
Return on capital employed	1.8%	3.7%	Profit before tax/(shareholders funds plus net debt)

Other than general economic risks, the principal risks facing the group are those relating to the specific markets we operate in. Competitive pricing continues to squeeze markets.

Future review

The group continues to pursue its ambitious plans for growth during 2016. The investments which have been made in property development, through its joint venture operation, should come to fruition towards the end of 2016 or early 2017 and add to the strength of the group's balance sheet. Funding will continue to be provided to a related company to establish an investment property portfolio. Investment continues to be made in the existing core businesses with new employees to promote our existing product range in new markets. Consolidation of our depot structure within the Plant and Engineering business should help us to reduce our overhead costs.

Strategic report (continued)

Financial risk management objectives and policies

The group uses financial instruments; these include cash and various items, such as trade debtors and trade creditors that arise directly from its operations.

The existence of these financial instruments exposes the group to a number of financial risks, which are described in more detail below.

- *Liquidity risk* – The group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash safely and profitably.
- *Interest rate risk* – The group finances its operations through a mixture of retained profits and cash. The interest rate exposure of the financial assets and liabilities of the group as at 31 December 2015 is shown below. The table includes trade debtors and trade creditors which do not attract interest and are therefore not subject to fair value interest rate risk.

	Interest rate			
	Fixed	Floating	Zero	Total
	£000	£000	£000	£000
Financial assets				
Cash	-	7,167	-	7,167
Trade debtors	-	-	2,811	2,811
	-	7,167	2,811	9,978
Financial liabilities				
Trade creditors	-	-	1,920	1,920

- *Credit risk* – The group's principal financial assets are cash deposits, cash and trade debtors. The credit risk associated with cash is limited. In order to manage credit risk, the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the credit controller on a regular basis in conjunction with the debt ageing and collection history.

On 23rd June 2016 the UK voted to leave the European Union. The implications for organisations are in most cases not yet clear but following the referendum result the group will continue to review what the implications and impacts are likely to be.

Health and safety

The group gives a high priority to health and safety issues and takes all reasonable measures, and provides sufficient funds, to ensure the health, safety and welfare at work of all its employees. The directors of Seddon Engineering Holdings Limited ensure that the health and safety policies within the subsidiary companies are correctly regulated and promote a positive health and safety attitude with all our staff and operatives.

Strategic report (continued)

Health and safety (continued)

It is a function of management to provide proper equipment and protective clothing and to plan ways to create an environment in which work may be carried out safely.

Employees have a responsibility to work in a safe manner. To this end, the group liaises with external accident prevention organisations and through its safety and training officers, the provision of safety courses and its safety committees, encourages staff to identify and guard against potential hazards.

Employees

The group maintains a policy of offering employment to disabled persons where practicable, and also, if an existing employee becomes disabled, every effort is made to give continuity of employment. Training is given where appropriate.

Employee consultation

The group places considerable value on the involvement of its employees and has continued to keep them informed of matters affecting them as employees and on the various factors affecting the performance of the group.

This report was approved by the board on ~~23 November~~ 2016 and signed on its behalf.



SJ Seddon
Director

Directors' Report

The directors submit their report and the audited financial statements for the year ended 31 December 2015.

The directors have resolved to replace the original parent company only financial statements filed previously at Companies House and approved by the directors on 24 May 2016 and prepare these group and parent company financial statements. These financial statements are now the statutory accounts and have been prepared as they were at the date of the parent company financial statements.

Results and dividends

The results of the group for the year to 31 December 2015 are set out in detail on page 16.

The profit of the group after taxation for the financial year amounted to £307k (2014: Loss £8,541k) and has been transferred to reserves.

Ordinary dividends of £50,000 (2014: £2,479,000) and preference dividends of £Nil (2014: £2,000) were paid during the year.

Directors

The directors who served during the year were as follows:

S J Seddon
G Seddon
K L Whitaker

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' report, the Strategic 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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws), including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and 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 judgments 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 group and 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 group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' Report (continued)

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

- so far as each of the directors is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Post balance sheet events

In September 2016 the group acquired 25% of the issued ordinary share capital of Chipping Homes Limited for £1 (being 100B Ordinary shares).

Auditor

The auditor, Grant Thornton UK LLP will be proposed for reappointment in accordance with Section 487(2) of the Companies Act 2006.

The report is approved by order of the board on ~~23 November~~ 2016 and signed on its behalf.



S J Cook
Secretary

Report of the independent auditor to the members of Seddon Engineering Holdings Limited

We have audited the financial statements of Seddon Engineering Holdings Limited for the year ended 31 December 2015 which comprise the principal accounting policies, the consolidated statement of comprehensive income, the consolidated and company statements of financial position, the consolidated and company statements of changes in equity, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of directors' responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

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 December 2015 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.

Emphasis of matter – basis of preparation

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 31 to the financial statements concerning the basis of preparation of the financial statements. The directors have resolved: to prepare these group and parent company financial statements and to file these at Companies House as 'amended' financial statements; and to replace the parent company only financial statements filed previously and approved by the directors on 24 May 2016.

Report of the independent auditor to the members of Seddon Engineering Holdings Limited (Continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

Matters on which we are required to report by exception

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.

Grant Thornton UK LLP

Christopher Martin
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester

2 December 2016

Principal accounting policies

Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

This is the first year in which the financial statements have been prepared under FRS 102. Refer to note 27 for an explanation of the transition.

The financial statements are presented in Sterling (£).

The group financial statements consolidate the financial statements of Seddon Engineering Holdings Limited and all its subsidiary undertakings drawn up to 31 December each year.

The preparation of the financial statements in compliance with FRS102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the group's accounting policies (see note 2).

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own Statement of comprehensive income in these financial statements. The parent company's loss for the year was £48,192 (2014: profit £17,809,408).

Going concern

The financial statements have been prepared on the going concern basis which the directors believe is appropriate for following reasons. The group currently meets its day to day working capital requirements through its cash balances. The directors have prepared and reviewed cash flow forecasts for the period ending 12 months from the date of approval of these financial statements, which they consider to be achievable given current levels of trading. The directors are confident that the group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree plus costs directly attributable to the business combination.

Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets and liabilities is recognised as goodwill. If the net fair value of the identifiable assets and liabilities exceeds the cost of the business combination the excess is recognised separately on the face of the consolidated statement of financial position immediately below goodwill.

Principal accounting policies (continued)

Investment in subsidiaries

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the group (its subsidiaries). Control is achieved where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in total comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate using accounting policies consistent with those of the parent. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

Joint ventures

A joint venture is an undertaking in which the group has a substantial interest held for the long term and upon whose commercial and financial policy decisions the group exercises a significant influence.

The consolidated statement of comprehensive income includes the group's share of these entities profits or losses. Shares held by the group in joint venture companies are valued in the consolidated statement of financial position at the group's share of net assets or liabilities of those entities.

Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the group and turnover can be readily measured. Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes revenue earned from the sale of goods and from the rendering of services.

Sale of goods and vehicles

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods has transferred to the buyer. This is usually at the point that the customer has signed for the delivery of the goods.

Vehicle service sales

Turnover on vehicle service sales is recognised at the point that the services are delivered.

Investments

Investments are included at cost less any provision for impairment.

Principal accounting policies (continued)

Tangible fixed assets and depreciation

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

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Leasehold improvements	between 5 and 10 years
Freehold buildings	50 years
Motor vehicles	between 3 and 4 years
Plant and machinery and fixtures and fittings	between 3 and 10 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Statement of comprehensive income.

Impairment of assets

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

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Stock

Raw materials and consumables, and work in progress are stated at the lower of cost and net realisable value. For raw materials and consumable stores, cost is calculated either on the FIFO or moving average cost basis. For work in progress and finished goods, cost is calculated as average direct cost of production plus overheads.

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

Principal accounting policies (continued)

Debtors

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

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Creditors

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

Taxation

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

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only 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.

If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is recognised when income or expenses from a subsidiary or associate have been recognised, and will be assessed for tax in a future period, except where:

- the group is able to control the reversal of the timing difference; and
- it is probable that the timing difference will not reverse in the foreseeable future.

A deferred tax liability or asset is recognised for the additional tax that will be paid or avoided in respect of assets and liabilities that are recognised in a business combination. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

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

With the exception of changes arising on the initial recognition of a business combination, the tax expense (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income).

Principal accounting policies (continued)

Taxation (continued)

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if:

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

Financial instruments

The group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from other third parties and loans from related parties.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an 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.

Pensions

The company and other group companies pay contributions to a Group Personal Pension Plan, an arrangement that was established in 2011 and provides benefits for employees on a money purchase basis. Seddon Engineering Holdings Limited also participates in the Seddon Engineering Retirement Scheme, a pension scheme that provides benefits on a defined benefit basis. Certain group companies also contribute to the EasyBuild pension arrangement operated by B&CE.

Defined benefit scheme

Scheme assets are measured at fair value. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit is presented separately from other net assets on the Statement of financial position. A net surplus is recognised only to the extent that it is recoverable.

Principal accounting policies (continued)

Defined benefit scheme (continued)

The current service cost and costs from settlements and curtailments are charged against operating profit. Past service costs are spread over the period until the benefit increases vest. Interest on the scheme liabilities and the expected return on scheme assets are included net in other finance costs. Actuarial gains and losses are reported in other comprehensive income.

Defined contribution schemes

The group operates a Group Personal Pension Plan for its employees. The group pays fixed contributions into a separate entity, once the contributions have been paid the group has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the group in independently administered funds.

Foreign currencies

In preparing the financial statements of the individual entities, transactions in currencies other than the functional currency of the individual entities (foreign currencies) are recognised at the spot rate at the dates of the transactions, or at an average rate where this rate approximates the actual rate at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

Research and development

Research and development expenditure is charged to profit and loss in the period in which it is incurred.

Consolidated Statement of Comprehensive Income

	Note	31 December 2015 £000	31 December 2014 £000
Turnover – continuing operations	3	22,833	23,261
Cost of sales		<u>(19,912)</u>	<u>(20,180)</u>
Gross profit		2,921	3,081
Administrative expenses		(2,829)	(2,801)
Other operating income	4	48	104
		<u>140</u>	<u>384</u>
Operating profit – continuing operations		140	384
Share of joint venture profit/(losses)		2	(2)
Loss on disposal of subsidiary	28	-	(8,979)
Profit/(loss) on ordinary activities before interest		142	(8,597)
Interest receivable and similar income	7	352	291
Interest payable	8	(45)	(30)
Other finance expense		(32)	(34)
		<u>417</u>	<u>(8,370)</u>
Profit/(loss) on ordinary activities before taxation	5	417	(8,370)
Tax on profit/(loss) on ordinary activities	9	(110)	(170)
Share of joint venture tax		-	(1)
		<u>307</u>	<u>(8,541)</u>
Profit/(loss) on ordinary activities after taxation		307	(8,541)
Attributable to minority interests		-	-
Profit/(loss) for the financial year	21	307	(8,541)
Other comprehensive income / (loss) for the year			
Actuarial gain/(loss) on defined benefit pension scheme	24	250	(308)
Deferred tax on actuarial gain/(loss) on defined benefit pension scheme	16	(50)	62
		<u>200</u>	<u>(246)</u>
Other comprehensive income/(loss) for the year		200	(246)
Total comprehensive income/(loss) for the year		789	(8,787)

Consolidated Statement of Financial Position

As at 31 December 2015

	Note	2015 £000	2014 £000
Fixed assets			
Tangible assets	11	3,577	3,511
Investments	12	-	(2)
		<u>3,577</u>	<u>3,509</u>
Currents assets			
Stocks	13	4,236	4,070
Debtors – amounts falling due after more than one year	14	-	9,941
Debtors – amounts falling due within one year	14	14,865	7,424
		<u>14,865</u>	<u>17,365</u>
Cash at bank and in hand	15	7,167	6,379
		<u>26,268</u>	<u>27,814</u>
Creditors: amounts falling due within one year	17	<u>(3,657)</u>	<u>(4,217)</u>
Net current assets		22,611	23,597
Total assets less current liabilities		<u>26,188</u>	<u>27,106</u>
Creditors: amounts falling due in more than one year	18	(1,000)	(2,000)
Defined benefit pension scheme	24	(661)	(1,036)
Net assets		<u>24,527</u>	<u>24,070</u>
Capital and reserves			
Called up share capital	20	43	43
Capital redemption reserve	21	35	35
Merger relief reserve	21	23,582	23,582
Profit and loss account	21	867	410
Shareholders' funds		<u>24,527</u>	<u>24,070</u>

The financial statements were approved by the board of directors on 23 November 2016.

Signed on behalf of the board of directors



S J Seddon, Director

Seddon Engineering Holdings Limited
Company no: 08461559

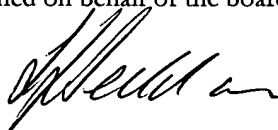
Company Statement of Financial Position

As at 31 December 2015

	Note	2015 £000	2014 £000
Fixed assets			
Tangible fixed assets	11	42	4
Investments	12	31	31
		<u>73</u>	<u>35</u>
Currents assets			
Debtors – amounts falling due within one year	14	12,179	4,163
Debtors – amounts falling due after more than one year	14	-	9,941
Cash at bank and in hand	15	5,496	4,586
		<u>17,675</u>	<u>18,690</u>
Creditors: amounts falling due within one year	17	(1,490)	(1,194)
Net current assets		<u>16,185</u>	<u>17,496</u>
Total assets less current liabilities		<u>16,258</u>	<u>17,531</u>
Creditors: amounts falling due after more than one year	18	(1,000)	(2,000)
Defined benefit pension scheme	24	(661)	(1,036)
Net assets		<u><u>14,597</u></u>	<u><u>14,495</u></u>
Capital and reserves			
Called up share capital	20	43	43
Capital redemption reserve	21	35	35
Profit and loss account	21	14,519	14,417
Shareholders' funds		<u><u>14,597</u></u>	<u><u>14,495</u></u>

The financial statements were approved by the board of directors on 23 November 2016.

Signed on behalf of the board of directors



S J Seddon, Director

Seddon Engineering Holdings Limited
Company no: 08461559

Consolidated Statement of Changes in Equity

	Called up share capital £000	Capital redemption reserve £000	Merger relief reserve £000	Profit and loss account £000	Total shareholders' funds £000
2015					
Balance at 1 January 2015	43	35	23,582	410	24,070
Profit for the year	-	-	-	307	307
Actuarial gains on pension scheme	-	-	-	250	250
Deferred tax movements	-	-	-	(50)	(50)
Other comprehensive income for the year	-	-	-	200	200
Total comprehensive income for the year	-	-	-	507	507
Contributions and distributions to owners					
Dividends paid	-	-	-	(50)	(50)
Balance at 31 December 2015	43	35	23,582	867	24,527
	Called up share capital £000	Capital redemption reserve £000	Merger relief reserve £000	Profit and loss account £000	Total shareholders' funds £000
2014					
Balance at 1 January 2014	78	-	34,862	398	35,338
Profit for the year	-	-	-	(8,541)	(8,541)
Actuarial loss on pension scheme	-	-	-	(308)	(308)
Deferred tax movements	-	-	-	62	62
Other comprehensive income for the year	-	-	-	(246)	(246)
Total comprehensive income for the year	-	-	-	(8,787)	(8,787)
Contributions and distributions to owners					
Purchase of own shares	(35)	35	-	-	-
Dividends paid	-	-	-	(2,481)	(2,481)
Transfer from merger relief reserve	-	-	(11,280)	11,280	-
Balance at 31 December 2014	43	35	23,582	410	24,070

Company Statement of Changes in Equity

	Called up share capital £000	Capital redemption reserve £000	Profit and loss account £000	Total £000
At 1 January 2015	43	35	14,417	14,495
Comprehensive income for the year				
Loss for the year	-	-	(48)	(48)
Actuarial gains on pension scheme	-	-	250	250
Deferred tax movements	-	-	(50)	(50)
Other comprehensive income for the year	-	-	200	200
Total comprehensive income for the year	-	-	152	152
Contributions by and distributions to owners				
Dividends: Equity capital	-	-	(50)	(50)
At 31 December 2015	43	35	14,519	14,597

	Called up share capital £000	Capital redemption reserve £000	Profit and loss account £000	Total £000
At 1 January 2014	78	-	(665)	(587)
Comprehensive income for the year				
Profit for the year	-	-	17,809	17,809
Actuarial loss on pension scheme	-	-	(308)	(308)
Deferred tax movements	-	-	62	62
Other comprehensive income for the year	-	-	(246)	(246)
Total comprehensive income for the year	-	-	17,563	17,563
Contributions by and distributions to owners				
Purchase of own shares	(35)	35	-	-
Dividends: Equity capital	-	-	(2,481)	(2,481)
At 31 December 2014	43	35	14,417	14,495

Consolidated cash flow statement

	2015	2014
	£000	£000
Cash flows from operating activities		
Profit/(loss) for the financial year	307	(8,541)
Adjustments for:		
Depreciation of tangible assets	252	220
Profit on disposal of tangible fixed assets	(43)	(14)
Share of operating profit/(losses) of joint venture	(2)	2
Interest paid	45	30
Interest received	(352)	(291)
Taxation	110	170
Defined benefit pension scheme expenses	(125)	(123)
Decrease in debtors	2,547	3,899
Increase in stocks	(166)	(11)
Decrease in trade creditors	(1,467)	(660)
Loss on disposal of subsidiary	-	8,979
Cash from operations	<u>1,106</u>	<u>3,660</u>
Income taxes paid	<u>(300)</u>	<u>(142)</u>
Net cash generated from operating activities	806	3,518
Cash flows from investing activities		
Purchase of tangible fixed assets	(323)	(384)
Proceeds on disposal of tangible fixed assets	48	31
Demerger of subsidiary	-	(5,000)
Interest received	352	291
Net cash from investing activities	77	(5,062)
Cash flows from financial activities		
Equity dividends paid	(50)	(160)
Interest paid	(45)	(30)
Net cash from financing activities	(95)	(190)
Net increase/(decrease) in cash and cash equivalents in the year	788	(1,734)
Cash and cash equivalents at the beginning of the year	6,379	8,113
Cash and cash equivalents at the end of the year	<u>7,167</u>	<u>6,379</u>

Notes to the financial statements

1 Company information

The company is a company limited by shares registered under the Companies Act 2006 and incorporated in England & Wales. The registered office (which also acts as the principal place of business) is Unit A2-A6 Edgefold Estate, Plodder Lane, Farnworth, Bolton, BL4 0LR.

The principal activity has been disclosed within the Strategic report.

2 Significant judgements and estimates

The directors consider the key judgements and estimates in the accounts to be as follows:

- the valuation of pension scheme liabilities
- the recognition of deferred tax assets
- stock provisions
- doubtful debt provisions

Defined benefit pension scheme liability

The present value of the defined benefit pension scheme 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 (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, 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 30 June 2014 has been used by the actuary in valuing the pensions liability at 31 December 2015. 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.

Deferred tax

Management review the deferred tax asset position and its recoverability in light of the expected future performance and strategy of the business. See note 16 for details.

Stock provisions and doubtful debt provisions

Management review the recoverable amount of stock and debtors at each financial year and provide against any assets which management believe are not recoverable in part or in full.

Notes to the financial statements (continued)

3 Turnover and profit/(loss) on ordinary activities before taxation

The turnover and profit/(loss) on ordinary activities before taxation of the group are attributable to the group's principal activities which form part of one overall business segment. An analysis of turnover by geographical location is set out below.

	2015 £000	2014 £000
United Kingdom	21,215	21,969
Europe	191	155
Africa	385	424
Middle East	623	479
Far East and Australasia	269	85
Caribbean and Americas	150	149
	<u>22,833</u>	<u>23,261</u>

Turnover, analysed by category, was as follows:

	2015 £000	2014 £000
Sale of goods	22,127	22,575
Vehicle service sales	706	686
	<u>22,833</u>	<u>23,261</u>

4 Other operating income

	2015 £000	2014 £000
Profit on disposal of tangible assets	43	15
Rental income	5	89
	<u>48</u>	<u>104</u>

Notes to the financial statements (continued)

5 Profit/(loss) on ordinary activities before tax

The profit/(loss) on ordinary activities before taxation is stated after:

	2015 £000	2014 £000
Depreciation – owned	252	220
Auditors' remuneration payable for the audit of the group accounts	5	4
Auditors' remuneration payable for other services:		
– audit of the company's subsidiaries	20	19
– taxation services	8	8
Research and development expense	25	23
Loss on disposal of subsidiary (note 28)	-	8,979
	<u> </u>	<u> </u>

Auditors' remuneration payable for non-audit services to the company itself is not disclosed in the accounts of Seddon Engineering Holdings Limited because the company's consolidated accounts are required to disclose such fees on a consolidated basis.

6 Information regarding directors and employees

	2015 £000	2014 £000
Emoluments	177	183
Pension contributions to money purchase pension schemes	-	6
	<u>177</u>	<u>189</u>

Retirement benefits are accruing to 1 (2014: 1) director under a defined benefit pension scheme and 1 (2014: 1) director under a money purchase pension scheme.

The average number employed, which includes directors within each category of persons, was:

	2015 Number	2014 Number
Manufacturing, workshop employees and drivers	40	40
Sales and distribution staff	37	34
Technical and administration staff	42	41
	<u>119</u>	<u>115</u>

Notes to the financial statements (continued)

6 Information regarding directors and employees (continued)

The costs incurred in respect of these employees were:

	2015 £000	2014 £000
Wages and salaries	2,784	2,691
Social security costs	241	248
Other pension costs – operating charge	380	213
Operating staff costs	3,405	3,152
Other pension costs – net finance expense	32	34
	<u>3,437</u>	<u>3,186</u>

Other pension costs – operating charges includes contributions made to the defined benefit pension scheme amounting to £157,000 (2014: £1,000) as detailed in note 24.

7 Interest receivable and similar income

	2015 £000	2014 £000
Bank interest arising on other deposits	14	40
Other interest receivable	338	251
	<u>352</u>	<u>291</u>

8 Interest payable

	2015 £000	2014 £000
Interest on other loans	<u>45</u>	<u>30</u>

Notes to the financial statements (continued)

9 Tax on profit/(loss) on ordinary activities

Taxation is based on the profit/(loss) for the year and comprises:

	2015 £000	2014 £000
UK corporation tax at a rate of 20.25% (2014: 21.49%) of taxable profit		
- Current period	61	129
- Adjustments in respect of previous periods	(6)	23
Total current tax	55	152
Deferred taxation		
- Current period	50	24
- Adjustments in respect of previous periods	5	(6)
Total deferred tax	55	18
Taxation on profit/(loss) on ordinary activities	110	170

Factors affecting the tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the United Kingdom of 20.25% (2014: 21.49%). The differences are explained as follows:

	2015 £000	2014 £000
Profit/(loss) on ordinary activities before taxation	417	(8,370)
Profit/(loss) on ordinary activities before taxation multiplied by standard rate of corporation tax in the United Kingdom of 20.25% (2014: 21.49%)	84	(1,799)
Effect of:		
Expenses not deductible for tax purposes	11	1,941
Other short term timing differences	4	(2)
Difference between capital allowances and depreciation	12	13
Adjustments in respect of previous periods – deferred tax	5	(6)
Adjustments in respect of previous periods – current tax	(6)	23
	110	170

The aggregate current and deferred tax relating to items that are recognised as items of other comprehensive income are charges £50,000 (2014: income £62,000).

Factors that may affect future tax charges

During the year the UK corporation tax rate was decreased. There will be a further reduction in the main rate of corporation tax to 19% from 1 April 2017, and following Budget 2016 announcements the rate will fall to 17% in 2020.

Notes to the financial statements (continued)

10 Equity dividends paid

	2015 £000	2014 £000
Preference shares		
GS "A" Preference shares	-	1
GS "B" Preference shares	-	1
	<u>-</u>	<u>2</u>
Ordinary shares		
GS Ordinary dividend £1.15 (2014: £57.20) per share	50	2,479
	<u>50</u>	<u>2,481</u>

Included in the dividends on Ordinary shares for the year ended 31 December 2014 above is £160,000 which was settled in cash with the balance as a dividend in specie.

11 Tangible fixed assets

Group

	Leasehold improvements £000	Freehold land and buildings £000	Motor vehicles £000	Plant and machinery £000	Fixtures and fittings £000	Total £000
Cost						
As at 1 January 2015	464	3,184	618	139	676	5,081
Additions	21	-	260	-	42	323
Disposals	-	-	(164)	(13)	-	(177)
At 31 December 2015	<u>485</u>	<u>3,184</u>	<u>714</u>	<u>126</u>	<u>718</u>	<u>5,227</u>
Depreciation						
As at 1 January 2015	357	47	437	128	601	1,570
Charge for the year	33	48	134	1	36	252
On disposals	-	-	(159)	(13)	-	(172)
At 31 December 2015	<u>390</u>	<u>95</u>	<u>412</u>	<u>116</u>	<u>637</u>	<u>1,650</u>
Net book amount						
At 31 December 2015	<u>95</u>	<u>3,089</u>	<u>302</u>	<u>10</u>	<u>81</u>	<u>3,577</u>
At 31 December 2014	<u>107</u>	<u>3,137</u>	<u>181</u>	<u>11</u>	<u>75</u>	<u>3,511</u>

Some of the freehold land and buildings have been provided as security in respect of the Seddon Engineering Retirement Scheme.

Notes to the financial statements (continued)

11 Tangible fixed assets (continued)

Company	Motor vehicles £000
Cost	
As at 1 January 2015	36
Additions	57
Disposals	(17)
As at 31 December 2015	<u>76</u>
Depreciation	
As at 1 January 2015	34
Charge for the year	18
On disposals	(18)
As at 31 December 2015	<u>34</u>
Net book amount	
At 31 December 2015	<u>42</u>
At 31 December 2014	<u>4</u>

Notes to the financial statements (continued)

12 Fixed asset investments

Group	Share of net liabilities of joint ventures £000
Cost or valuation	
As at 1 January 2015	(2)
Share of profit for the year	2
	<u>-</u>
Provision	
Provided in the year	-
At 31 December 2015	<u>-</u>
Net book amount	
At 31 December 2015	<u>-</u>
At 31 December 2014	<u>(2)</u>

The investment of £132 (2014: (£1,674)) share of net assets/(liabilities) in joint ventures is represented by gross assets of £1,695,571, after adjustment for prior year £2,100, £1,697,671 (2014: £1,560,643) and gross liabilities of £1,695,439 (2014: £1,562,317).

The aggregate of Seddon Engineering Holdings Limited's share in its joint ventures is shown for the following balance sheet items in accordance with FRS 102:

	2015 £000	2014 £000
Current assets	1,695	1,560
Liabilities	(1,695)	(1,562)
	<u>-</u>	<u>(2)</u>

Notes to the financial statements (continued)

12 Fixed asset investments (continued)

Company

Subsidiary
and joint
venture
companies
£000

Cost or valuation

At 1 January 2015 and 31 December 2015

31

Principal subsidiary companies

Seddons (Plant & Engineers) Limited

Manufacture, distribution and servicing of contractors' plant and equipment and the sale of contractors' plant spares

Brownpower Engineering Limited

Dormant

Winget Limited

Manufacture of mixers and dumpers and sale of spares

District Garage Limited

Garage proprietors

G5 Estates Limited

Property holding and management

Principal joint venture companies

Ascalon Properties Limited (50% owned by Seddon Engineering Holdings Limited)

Property development

Euxton Lane Developments Limited

Property development

The above companies are incorporated in Great Britain, registered in England and Wales and wholly owned (100% ordinary share capital) by Seddon Engineering Holdings Limited unless otherwise stated. The shares in Euxton Lane Developments Limited are owned by Ascalon properties Limited which owns 50%.

13 Stocks

	Group		Company	
	2015	2014	2015	2014
	£000	£000	£000	£000
Raw materials and consumables	1,081	915	-	-
Work in progress	115	228	-	-
Finished products	3,040	2,927	-	-
	<u>4,236</u>	<u>4,070</u>	<u>-</u>	<u>-</u>

Stock recognised in cost of sales during the year as an expense was £18,568k (2014: £9,137k).

An impairment loss of £27k (2014: £49k) was recognised in cost of sales against slow-moving and obsolete stock.

Notes to the financial statements (continued)

14 Debtors

	2015 £000	Group 2014 £000	2015 £000	Company 2014 £000
Amounts falling due within one year				
Trade debtors	2,811	2,965	-	-
Amounts owed by group undertakings	221	225	569	242
Deferred tax (note 16)	173	278	139	216
Other debtors	5,130	3,191	5,088	3,113
Amounts owed by joint venture companies	2,631	-	2,631	-
Amounts owed by related parties	3,484	507	3,484	507
Prepayments and accrued income	263	258	46	57
Corporation tax	152	-	222	28
	<u>14,865</u>	<u>7,424</u>	<u>12,179</u>	<u>4,163</u>
Amounts falling due after more than one year				
Amounts owed by joint venture companies	-	2,441	-	2,441
Amounts owed by related companies	-	500	-	500
Other debtors	-	7,000	-	7,000
	<u>-</u>	<u>9,941</u>	<u>-</u>	<u>9,941</u>
	<u>14,865</u>	<u>17,365</u>	<u>12,179</u>	<u>14,104</u>

An impairment loss of £18k (2014: £110k) was recognised against trade debtors.

15 Cash and cash equivalents

	2015 £000	Group 2014 £000	2015 £000	Company 2014 £000
Cash at bank and in hand	<u>7,167</u>	<u>6,379</u>	<u>5,496</u>	<u>4,586</u>

16 Deferred taxation

Deferred taxation provided for at 20% (2014: 20%) in the financial statements is set out below:

	Group deferred taxation asset £000	Company deferred taxation asset £000
Balance at 1 January 2015	278	216
Charged to statement of total comprehensive income	(55)	(27)
Charged to other comprehensive income	(50)	(50)
	<u>173</u>	<u>139</u>

Notes to the financial statements (continued)

16 Deferred taxation (continued)

	2015 £000	Group 2014 £000	2015 £000	Company 2014 £000
Defined benefit pension scheme liability	132	207	132	207
Accelerated capital allowances	41	71	7	9
	<u>173</u>	<u>278</u>	<u>139</u>	<u>216</u>

The recoverability of the deferred tax asset is dependent on future taxable profits in excess of those arising from the reversal of deferred tax liabilities. The asset is anticipated to be recoverable in more than one period.

17 Creditors: amounts falling due within one year

	2015 £000	Group 2014 £000	2015 £000	Company 2014 £000
Trade creditors	1,920	2,361	57	53
Amounts owed to group companies	-	-	365	-
Amounts owed to related parties	1,000	1,001	1,000	1,001
Social security and other taxes	341	359	7	79
Other creditors	11	71	-	-
Corporation tax	-	93	-	-
Accruals and deferred income	385	332	61	61
	<u>3,657</u>	<u>4,217</u>	<u>1,490</u>	<u>1,194</u>

18 Creditors: amounts falling due in more than one year

	2015 £000	Group 2014 £000	2015 £000	Company 2014 £000
Amounts owed to related companies	<u>1,000</u>	<u>2,000</u>	<u>1,000</u>	<u>2,000</u>

Notes to the financial statements (continued)

19 Financial instruments

	2015 £000	Group 2014 £000	2015 £000	Company 2014 £000
Financial assets				
Financial assets that are debt instruments measured at amortised cost	<u>21,444</u>	<u>23,208</u>	<u>12,035</u>	<u>13,897</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>4,316</u>	<u>5,765</u>	<u>2,290</u>	<u>3,194</u>

The financial assets measured at amortised cost comprise cash and other assets that have the contractual right to receive cash.

Financial liabilities measured at amortised cost comprise other liabilities which have the contractual obligation to deliver cash.

20 Share capital

	2015 £000	2014 £000
Allotted called up and fully paid		
43,334 GS Ordinary shares of £1 each	<u>43</u>	<u>43</u>

21 Reserves

Called-up share capital – represents the nominal value of shares that have been issued.

Capital redemption reserve – represents the nominal value of shares that have been purchased by the company.

Merger relief reserve – represents the value above nominal value of shares issued during the group restructure.

Profit and loss account – represents all current and prior year retained profits and losses.

Notes to the financial statements (continued)

22 Contingent liabilities

Contingent liabilities exist at 31 December 2015 in respect of counter-indemnities to H M Revenue and Customs totalling £40,000 (2014: £40,000).

Seddon Engineering Holdings Limited has guaranteed two bank loans owed by Ascalon Properties Limited, a joint venture undertaking. The value of the bank loans outstanding at 31 December 2015 amounted to £489k (2014: £520k).

23 Capital commitments

The directors have confirmed that there are no capital commitments at 31 December 2015 and 31 December 2014.

24 Pension arrangements

Defined Benefit Scheme – Group and company

The Seddon Group Retirement Scheme is a final salary scheme whose assets are held in independently managed funds separate from those of the group. The scheme is closed to new members and future accrual. Annual contributions are paid on the recommendation of independent qualified actuaries following triennial actuarial valuations, the latest of which was at 30 June 2014. The valuation method used is the Defined Accrued Benefits method.

The following disclosures under FRS 102 relate to the assets and liabilities in the Seddon Engineering Retirement Scheme. The net pension liability is secured against properties held by the group.

The following information is based upon the full actuarial valuation of the fund at 30 June 2014 updated to 31 December 2015 by a qualified independent actuary:

	2015 %pa	2014 %pa
The main assumptions used by the actuary for FRS 102 purposes were:		
Discount rate	3.7	3.4
Price inflation (RPI)	2.8	2.8
Price inflation (CPI)	1.8	1.8
Rate of increase for pensions in payment		
Post 88 Guaranteed Minimum Pension	1.7	1.7
Discretionary awards	-	-
Pre-retirement mortality	Nil	
Post retirement mortality	S2PxA, CMI2014 1.0% pa long term projections + 1 year age rating	
Cash commutation	90% of maximum tax free allowance	

Notes to the financial statements (continued)

24 Pension arrangements (continued)

The weighted average life expectancy for the mortality tables used to determine benefit obligations are:

	2015 Male	2015 Female	2014 Male	2014 Female
Member age 65 (current life expectancy)	21.3	23.3	21.1	23.1
Member age 45 (life expectancy at age 65)	22.6	24.8	22.4	24.6

The amounts charged/(credited) in profit or loss are as follows:

	2015 £000	2014 £000
Interest on obligation	(190)	(247)
Interest income	158	213
	<u>(32)</u>	<u>(34)</u>

The amounts recognised in other comprehensive income are as follows:

	2015 £000	2014 £000
Actuarial gains on plan assets	43	89
Actuarial gains/(losses) on plan liabilities	207	(397)
	<u>250</u>	<u>(308)</u>

The cumulative amount of actuarial gains and losses recognised in the statement of comprehensive income was £61k loss (2014: £189k loss).

The group also expects to contribute £350k to its Defined benefit scheme in 2016.

The amounts recognised in the statement of financial position are as follows:

	2015 £000	2014 £000
Fair value of scheme assets	4,732	4,735
Present value of funded retirement benefit obligations	<u>(5,393)</u>	<u>(5,771)</u>
Net pension scheme liability	<u>(661)</u>	<u>(1,036)</u>

Notes to the financial statements (continued)

24 Pension arrangements (continued)

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

	2015 %	2014 %
Diversified Growth Fund	77.6	77.0
Gilts	3.2	2.9
Corporate bonds	16.3	14.9
Property	1.7	4.9
Cash	1.2	0.3
Total	<u>100.0</u>	<u>100.0</u>

The actual return on scheme assets was as follows:

	2015 £'000	2014 £'000
Actual return on scheme assets	<u>201</u>	<u>302</u>

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

	2015 £'000	2014 £'000
Opening fair value of scheme assets at 1 January 2015	4,735	4,650
Expected return	158	213
Actuarial gains	43	89
Contributions by employer	157	58
Benefits paid	(361)	(375)
Closing fair value of scheme assets at 31 December 2015	<u>4,732</u>	<u>4,735</u>

Composition of plan assets:

	2015 £'000	2014 £'000
Diversified growth fund	3,675	3,646
Bonds	923	843
Cash	55	14
Property	79	232
Total plan assets	<u>4,732</u>	<u>4,735</u>

Notes to the financial statements (continued)

24 Pension arrangements (continued)

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

	2015 £000	2014 £000
Opening defined benefit obligation at 1 January 2015	5,771	5,502
Interest cost	190	247
Actuarial (gains)/losses	(207)	397
Benefits paid	(361)	(375)
Closing defined benefit obligation at 31 December 2015	<u>5,393</u>	<u>5,771</u>

The amounts for the current and previous three periods are as follows:

	2015 £000	2014 £000	2013 £000
Defined benefit obligation	(5,393)	(5,771)	(5,502)
Scheme assets	<u>4,732</u>	<u>4,735</u>	<u>4,650</u>
Deficit	<u>(661)</u>	<u>(1,036)</u>	<u>(852)</u>
Experience adjustments on scheme liabilities	-	333	-
Experience adjustments on scheme assets	<u>-</u>	<u>-</u>	<u>-</u>

Defined contribution schemes

During the year, the group also operated a Group Personal Pension Plan, the assets of which are held in independently administered funds.

Notes to the financial statements (continued)

25 Related party transactions

The group has taken the exemption under FRS 102 not to disclose transactions with group companies. The group undertook transactions with related parties (directors in common) and joint ventures during the year and had balances outstanding with these parties at 31 December as follows:

	Income		Debtors		Expenditure		Creditors	
	2015	2014	2015	2014	2015	2014	2015	2014
	£000	£000	£000	£000	£000	£000	£000	£000
Joint ventures								
Ascalon Properties Limited	-	-	2,631	2,441	-	-	-	-
Related Parties								
Geohn Estates Limited	31	-	1,988	6	-	-	-	-
Geohn Developments Limited	25	-	337	1,001	-	-	-	-
KRMCo Limited	-	-	-	-	45	30	(2,000)	(3,001)

The group undertook transactions with related parties (related as a result of common directors) and joint ventures during the year and had balances outstanding with these parties at 31 December as follows:

During the year a loan has been provided by the group to Geohn Estates Limited. The loan is repayable on demand or on disposal of the property for which the loan is secured. Interest is payable at a rate of 2.5% above the Bank of England base rate. The balance included in debtors at the year end amounts to £1,988k (2014: £6k) and interest receivable during the year amounted to £31k (2014: £Nil).

During the prior year a loan was provided by the group to Ascalon Properties Limited. The loan is repayable within three months of the crystallisation of a project and is secured by a debenture. Interest is payable on the loan at 5% above the Bank of England base rate however, no interest has been reflected in the financial statements due to uncertainty over recovery of the interest. The balance included in debtors at the year end amounts to £2,631k (2014: £2,441k).

During the prior year an unsecured loan was provided by the group to Geohn Developments Limited. The loan is repayable on demand and interest is payable on the loan at 2.5% above the Bank of England base rate. The balance included in debtors at the year end amounts to £337k (2014: £1,001k) and interest receivable during the year amounted to £25k (2014: £Nil).

During the prior year an unsecured loan was provided to the group by KRMCo Limited. The loan is repayable by instalments of £1m per annum and interest is payable on the loan at 1% above the Bank of England base rate. The balance included in creditors at the year end amounts to £2,000k (2014: £3,001k) and interest payable during the year amounted to £45k (2014: £30k).

The individuals that are considered by the company to be key management personnel have received remuneration totalling £245,059 (2014: £240,884).

Notes to the financial statements (continued)

26 Transactions with directors

During the year loans were made to a director amounting to £1,158k (2014: £350k). Interest was receivable on the loan during the year at a rate of 3.25% and amounted to £31k (2014: £1k). The maximum amount outstanding on the loan during the year amounted to £1,158k (2014: £350k) and the amount repayable by the director at the year end amounted to £1,158k (2014: £1k).

27 Transition to FRS 102

Group

The group has adopted FRS 102 for the year ended 31 December 2015 and has restated the comparative amounts.

Changes for FRS102 adoption are as follows:

1. A change in the reclassification of the deferred tax asset recognised in respect of the defined benefit pension liability. Under the old UK GAAP this deferred tax asset was deducted from the defined benefit pension liability and shown in the financial statements as a net liability position. This treatment is no longer available within FRS 102 and as such we have reclassified the deferred tax asset from the defined benefit pension liability to the deferred tax asset within debtors. This represents a reclassification of £207,000 in the balance sheet at 31 December 2014. There has been no impact on the reported shareholders' funds and the loss for the financial period ended 31 December 2014 as a result of this change.
2. The net pension finance cost recognised in the Profit and Loss Account for the year ended 31 December 2014 under the old UK GAAP was net of the expected return on the pension plan assets and the interest on pension liabilities. FRS102 requires the recognition in the Statement of Comprehensive Income, of a net interest cost, calculated by multiplying the net plan obligations by the market yield on high quality corporate bonds (the discount rate applied). The change has had no effect on the net assets as the measurement of the net defined benefit plan obligation has not changed. Instead, the increase in the loss for the year has been mirrored by a reduction in the actuarial losses within Other Comprehensive Income. In addition, the movement in the deferred tax asset recognised in respect of the defined benefit pension liability has been amended to reflect the increase in the net interest cost and the reduction in the actuarial gains recognised. There has been no impact on the reported shareholders' funds as a result of this change. The impact on the reported loss for the year ended 31 December 2014 is as follows:

Reconciliation of profit and loss account for the year ended 31 December 2014

	2015 £000
Loss for the year under UK GAAP	(8,507)
Changes to measurement of net finance cost on defined benefit pension plan	(42)
Changes to movement in deferred tax asset on defined benefit pension plan	8
Loss for the year ended 31 December 2014 under FRS 102	<u>(8,541)</u>

Notes to the financial statements (continued)

27 Transition to FRS 102 (continued)

Company

The company has adopted FRS 102 for the year ended 31 December 2015 and has restated the comparative prior year amounts.

Changes for FRS 102 adoption:

- The company is part of a group multi-employed defined benefit pension scheme and the assets and liabilities of the scheme cannot be separately attributed to each company in the scheme. As a result, under FRS 17, the defined benefit pension scheme was recognised only in the consolidated accounts of Edgefold Holdings Limited. Under FRS 102 the defined benefit pension scheme is now recognised in these accounts as the sponsoring employer.
- The financial statements now reflect a deferred tax asset in respect of the defined benefit pension scheme.

	As previously stated 31 December 2014	Effect of transition 31 December 2014	FRS 102 (as restated) 31 December 2014
	£	£	£
Administrative expenses	(676,003)	157,000	(519,003)
Other operating income	15,652,057	-	15,652,057
Operating profit	14,976,054	157,000	15,133,054
Income from investments	2,430,583	-	2,430,583
Interest receivable and similar income	290,571	-	290,571
Interest payable and similar charges	(30,247)	-	(30,247)
Other finance costs	-	(34,000)	(34,000)
Taxation	53,247	(33,800)	19,447
Profit on ordinary activities after taxation and for the financial year	17,720,208	89,200	17,809,408

Explanation of changes to previously reported profit and equity:

- The adjustment made reflects the Seddon Engineering Retirement Scheme being brought on balance sheet at 1 January 2014. Movements in the liability during the financial year ended 31 December 2014 have now been reflected in the financial statements along with the associated movements in the deferred tax asset.

Notes to the financial statements (continued)

27 Transition to FRS 102 (continued)

	As previously stated 1 January 2014 £	Effect of transition 1 January 2014 £	FRS 102 (as restated) 1 January 2014 £	As previously stated 31 December 2014 £	Effect of transition 31 December 2014 £	FRS 102 (as restated) 31 December 2014 £
Fixed assets	82,741	-	82,741	34,741	-	34,741
Current assets	24,441,105	179,000	24,620,105	18,483,410	207,200	18,690,610
Creditors: amounts falling due within one year	(24,438,209)	-	(24,438,209)	(1,194,208)	-	(1,194,208)
Net current assets	2,896	179,000	181,896	17,289,202	207,200	17,496,402
Total assets less current liabilities	85,637	179,000	264,637	17,323,943	207,200	17,531,143
Creditors: amounts falling due after more than one year	-	-	-	(2,000,000)	-	(2,000,000)
Defined benefit pension scheme	-	(852,000)	(852,000)	-	(1,036,000)	(1,036,000)
Net (liabilities)/assets	85,637	(673,000)	(587,363)	15,323,943	(828,800)	14,495,143
Capital and reserves	85,637	(673,000)	(587,363)	15,323,943	(828,800)	14,495,143

Notes to the financial statements (continued)

28 Disposal of subsidiary

On 30 June 2014 Seddon Engineering Holdings Limited disposed of its holding of KRMCo Limited, via a dividend in specie. Operating profit for KRMCo Limited up to the date of disposal and the loss on disposal at 30 June 2014 are summarised as follows:

	£000	
Revenue	-	
Cost of sales	-	
Gross profit	-	
Administration expenses	-	
Operating profit	-	
Interest expense	-	
Profit before tax	-	
	£000	£000
Proceeds		-
Less transaction costs		-
		-
Assets disposed of		
- Debtors	(4,000)	
- Cash	(5,000)	
		(9,000)
Investment held		21
Loss on disposal		8,979

29 Post balance sheet events

In September 2016 the group acquired 25% of the issued ordinary share capital of Chipping Homes Limited for £1 (being 100B Ordinary shares).

30 Controlling party

The ultimate parent company is Edgefold Holdings Limited, which is registered in England and Wales. Copies of the parent company's consolidated financial statements are available from Companies House.

Notes to the financial statements (continued)

31 Basis of preparation

These financial statements replace the original parent company only financial statements filed previously at Companies House and approved by the directors on 24 May 2016. The directors originally applied the exemption with FRS102 section 9.3 not to prepare group financial statements on the basis that the company is also a wholly owned subsidiary of Edgefold Holdings Limited which prepares consolidated financial statements which includes this group.

The directors have now resolved to prepare these group and parent company financial statements and to file these at Companies House as “amended” financial statements.