

Seddon Engineering Holdings Limited
(formerly Edgefold Holdings Limited)
31 December 2014
No. 8461559

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Company information

Company registration number :	8461559
Registered office :	Unit 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 Statutory Auditor Chartered Accountants 4 Hardman Square Spinningfields Manchester M3 3EB

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Report of the directors

The directors submit their report and the audited financial statements for the year ended 31 December 2014.

Name change

The company changed its name from Edgefold Holdings Limited to Seddon Engineering Holdings Limited on 17 July 2014.

Results and dividends

The results of the group for the year to 31 December 2014 are set out in detail on page 14.

The loss of the group after taxation for the financial year amounted to £8,507,000 (2013: profit £323,000) and has been transferred to reserves.

Ordinary dividends of £2,479,000 (2013: £2,000) and preference dividends of £2,000 (2013: £18,000) were paid during the year.

Group restructure

On 30 June 2014, KRMCo Limited (formerly Seddon Engineering Holdings Limited) transferred its shareholdings in its subsidiary undertakings to Seddon Engineering Holdings (formerly Edgefold Holdings Limited) via a dividend in specie. Immediately following this on the same date, a demerger of Seddon Engineering Holdings Limited took place. This resulted in the demerger of the subsidiary undertaking KRMCo Limited to KRMCo Holdings Limited (formerly Aghoco 1200 Limited).

Directors

The directors who served during the year were as follows:

S J Seddon
G Seddon
K L Whitaker (appointed 30 June 2014)

Report of the directors

Statement of directors' responsibilities

The directors are responsible for preparing the Report of the directors, 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). 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 and profit or loss of the company and group for that year. 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 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.

In 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.

Auditor

Grant Thornton UK LLP offer themselves for reappointment as auditor in accordance with Section 485(4) of the Companies Act 2006.

By order of the board



S J Cook
Secretary

22 May 2015

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.

Review of the business

Turnover of the Group for the year to 31 December 2014 was £23,261,000 (2013: 4 months £6,914,000) generating a loss before tax of £8,328,000 (2013: 4 months profit £335,000). This loss is after recognising a loss on disposal of £8,979,000 in respect of the demerger of a subsidiary undertaking as part of the reorganisation of the Group. After allowing for this exceptional item the underlying profit before tax was £651,000. The balance sheet of the group remains strong, comprising £24,070,000 of net assets, of which £6,379,000 is in cash.

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

	2014	2013	Measure
Gross profit %	13.2%	13.6%	Gross profit / turnover
Return on capital employed (annualised)	3.7%	3.7%	Profit before tax (adjusted for loss on disposal)/ (shareholders funds less net funds)

Other than general economic risks which look to be lessening into 2015, the principal risks facing the group are those relating to the specific markets we operate in. Competitive pricing continues to squeeze markets.

Future review

In order for the group to continue with its ambitious plans for growth during 2015 investment has been made in the existing core businesses with new employees to promote our existing product range in new markets. Expansion into new geographical areas within the United Kingdom has already started to provide us with the opportunity to increase our market share.

Strategic report

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 2014 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 £000	Floating £000	Zero £000	Total £000
Financial assets				
Cash	-	6,379	-	6,379
Trade debtors	-	-	2,965	2,965
	-	6,379	2,965	9,344
Financial liabilities				
Trade creditors	-	-	2,361	2,361

- *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.

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 (formerly Edgefold 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

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.

On behalf of the board



S J Seddon
Director

22 May 2015

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

We have audited the financial statements of Seddon Engineering Holdings Limited (formerly Edgefold Holdings Limited) for the year ended 31 December 2014 which comprise the principal accounting policies, the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated statements of total recognised gains and losses, 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).

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 4, 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 2014 and of the group's loss 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and the Report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements.



Report of the independent auditor to the members of Seddon Engineering Holdings Limited (formerly Edgefold Holdings Limited)(continued)

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

27 May 2015

Principal accounting policies

The financial statements have been prepared under the historical cost convention and in accordance with applicable UK Accounting Standards. The principal accounting policies are described below.

The directors have reviewed the accounting policies in accordance with FRS 18 "Accounting Policies" and consider them to be the most appropriate to the group's circumstances.

Basis of consolidation

The group financial statements consolidate the financial statements of the company and all its subsidiaries and include the group's share of the results and post-acquisition reserves of its joint venture companies. Results of subsidiaries acquired during the year are consolidated from the date of acquisition using the acquisition method of accounting; assets and liabilities being recorded at fair value. Goodwill arising on consolidation is capitalised and amortised over its useful economic life. Profits arising on trading between the group companies are excluded. All companies within the group make up their financial statements to the same date.

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 year 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.

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 profit and loss account 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 balance sheet at the group's share of net assets or liabilities of those entities.

Turnover

Turnover represents the net amount receivable, excluding value added tax, for goods and services supplied to external customers and the value of work done during the year.

Investments

Investments are included at cost less any provision for impairment.

Investment properties

Investment properties are accounted for in accordance with Statement of Standard Accounting Practice No 19, with the effect that:

The valuation of investment properties is reviewed annually and any resultant surplus or deficit arising is transferred to a revaluation reserve.

No depreciation or amortisation is provided in respect of freehold or leasehold investment properties. The directors consider that this accounting policy results in the financial statements giving a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual revaluation and the amount which might otherwise have been shown cannot be separately identified or quantified.

In cases where a deficit on a revaluation occurs which is in excess of its revaluation reserve, the amount by which the deficit exceeds the reserve is charged to profit and loss account. Taxation is not provided for on any revaluation surplus until a property is sold and contracts thereon exchanged.

Tangible fixed assets and depreciation

Depreciation on tangible fixed assets is calculated to write down their cost to their estimated residual values over the year of their estimated useful economic lives which are considered to be:

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

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.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the years in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Financial instruments

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 entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

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. The company 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 Peoples Pension operated by B&CE.

Defined benefit scheme

Scheme assets are measured at fair values. 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, adjusted for deferred tax, is presented separately from other net assets on the balance sheet. A net surplus is recognised only to the extent that it is recoverable.

Pensions (continued)

The current service cost and costs from settlements and curtailments are charged against operating profit. Past service costs are spread over the year 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 the statement of total recognised gains and losses.

Defined contribution schemes

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting year.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction, except where the transaction is to be settled using a contracted rate, in which case that rate is used. Where a trading transaction is covered by a related or matching forward contract, the rate in that contract is used to translate the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date, except where there are related or matching forward contracts, in which case the rate in that contract is used.

Foreign exchange gains and losses are credited or charged to the profit and loss account as they arise.

Research and development

Research and development expenditure is charged to profits in the year in which it is incurred.

Cash and liquid resources

For the purpose of the cash flow statement, cash comprises cash in hand and deposits repayable on demand.

Consolidated profit and loss account

	Note	12 months to 31 December 2014 £000	4 months to 31 December 2013 £000
Turnover	1	23,261	6,914
Cost of sales		<u>(20,180)</u>	<u>(5,978)</u>
Gross profit		3,081	936
Administrative expenses (including net exceptional credit of £Nil (2013: £106,579 – see note 3))		(2,801)	(776)
Other operating income		<u>89</u>	<u>71</u>
Operating profit		369	231
Loss on disposal	1	(8,964)	-
Share of joint venture losses		(2)	-
Interest receivable and similar income	4	291	102
Interest payable	5	(30)	-
Other finance income		<u>8</u>	<u>2</u>
(Loss) / profit on ordinary activities before taxation	1	(8,328)	335
Tax on profit on ordinary activities	6	<u>(179)</u>	<u>(12)</u>
(Loss) / profit on ordinary activities after taxation		(8,507)	323
Attributable to minority interests			-
Retained (loss) / profit for the financial year	16	<u><u>(8,507)</u></u>	<u><u>323</u></u>

All of the above results relate to continuing operations.

Consolidated balance sheet

As at 31 December 2014

	Note	2014 £000	2013 £000
Fixed assets			
Tangible assets	8	3,511	3,364
Investments	9	(2)	2,301
		<u>3,509</u>	<u>5,665</u>
Currents assets			
Stocks	10	4,070	4,059
Debtors – amounts falling due within one year	11	7,217	7,772
Debtors – amounts falling due after more than one year	11	9,941	13,187
		<u>17,158</u>	<u>20,959</u>
Cash at bank and in hand		6,379	8,113
		<u>27,607</u>	<u>33,131</u>
Creditors: amounts falling due within one year	13	<u>(4,217)</u>	<u>(2,785)</u>
Net current assets		23,390	30,346
Total assets less current liabilities		26,899	36,011
Creditors: amounts falling due in more than one year	14	<u>(2,000)</u>	<u>-</u>
Net assets excluding pension liability		24,899	36,011
Pension liability	22	(829)	(673)
Net assets including pension liability		<u>24,070</u>	<u>35,338</u>
Capital and reserves			
Called up share capital	15	43	78
Capital redemption reserve	16	35	-
Merger relief reserve	16	23,582	34,862
Profit and loss account	16	410	398
Shareholders' funds	17	<u>24,070</u>	<u>35,338</u>

The financial statements were approved by the board of directors on 22 May 2015.

Signed on behalf of the board of directors



S J Seddon, Director

Seddon Engineering Holdings Limited (formerly Edgefold Holdings Limited)
Company no:08461559

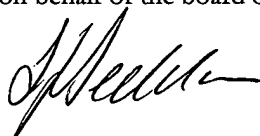
Company balance sheet

As at 31 December 2014

	Note	2014 £000	2013 £000
Fixed assets			
Tangible assets	8	4	32
Investments	9	31	52
		<u>35</u>	<u>84</u>
Currents assets			
Debtors – amounts falling due within one year	11	3,956	4,925
Debtors – amounts falling due after more than one year	11	9,941	13,187
		<u>13,897</u>	<u>18,112</u>
Cash at bank and in hand		4,586	6,327
		<u>18,483</u>	<u>24,439</u>
Creditors: amounts falling due within one year	13	<u>(1,194)</u>	<u>(24,438)</u>
Net current assets		17,289	1
Total assets less current liabilities		17,324	85
Creditors: amounts falling due in more than one year	14	<u>(2,000)</u>	<u>-</u>
Net assets		<u>15,324</u>	<u>85</u>
Capital and reserves			
Called up share capital	15	43	78
Capital redemption reserve	16	35	-
Profit and loss account	16	15,246	7
Shareholders' funds	17	<u>15,324</u>	<u>85</u>

The financial statements were approved by the board of directors on 22 May 2015.

Signed on behalf of the board of directors



S J Seddon, Director

Seddon Engineering Holdings Limited (formerly Edgefold Holdings Limited)
Company no: 08461559

Consolidated statement of total recognised gains and losses

	Note	12 months to 31 December 2014 £000	4 months to 31 December 2013 £000
(Loss) /profit for the year		(8,507)	323
Actuarial (loss) / gain on defined benefit pension scheme	22	(350)	119
Tax on actuarial (loss) / gain on defined benefit pension scheme		<u>70</u>	<u>(25)</u>
Total recognised gains and losses in the year		<u>(8,787)</u>	<u>417</u>

Consolidated cash flow statement

		12 months to 31 December 2014	4 months to 31 December 2013
	Note	£000	£000
Net cash inflow / (outflow) from operating activities	18	3,660	(1,389)
Returns on investment and servicing of finance			
Interest received		291	102
Interest paid		(30)	-
Net cash inflow from returns on investment and servicing of finance		261	102
Taxation			
Corporation tax paid		(142)	(30)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(384)	(80)
Proceeds on disposal of tangible fixed assets		31	1
Net cash outflow from capital expenditure and financial investment		(353)	(79)
Acquisitions and disposals			
Net cash acquired with subsidiaries		-	9,503
Demerger of subsidiary		(5,000)	-
Net cash (outflow) / inflow from acquisitions and disposals		(5,000)	9,503
Equity dividends paid		(160)	(20)
Net cash (outflow) / inflow before financing		(1,734)	8,087
Financing			
Issue of shares		-	26
Redemption of shares		-	-
Net cash inflow from financing		-	26
(Decrease) / increase in cash in the period		(1,734)	8,113

Notes to the financial statements

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

The turnover and (loss) / profit 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.

	12 months to 31 December 2014 £000	4 months to 31 December 2013 £000
United Kingdom	21,969	6,459
Europe	155	38
Africa	424	203
Middle East	479	147
Far East and Australasia	85	17
Caribbean and Americas	149	50
	<u>23,261</u>	<u>6,914</u>

(Loss) / profit on ordinary activities before taxation is arrived at after charging/(crediting):

	12 months to 31 December 2014 £000	4 months to 31 December 2013 £000
Depreciation – owned	220	64
Profit on disposal of fixed assets	15	-
Loss on disposal of subsidiary (note 26)	(8,979)	-
Auditors' remuneration payable for the audit of the group accounts	4	10
Auditors' remuneration payable for other services:		
– audit of the company's subsidiaries	19	20
– taxation services	8	8
	<u>8</u>	<u>8</u>

Auditors' remuneration payable for non-audit services to the company itself is not disclosed in the accounts of Seddon Engineering Holdings Limited (formerly Edgefold Holdings Limited). These are disclosed in the accounts of the ultimate parent undertaking.

2 Information regarding directors and employees

The remuneration of the directors was as follows:

	12 months to 31 December 2014 £000	4 months to 31 December 2013 £000
Emoluments	217	154
Pension contributions to money purchase pension schemes	6	31
	<u>223</u>	<u>185</u>

Retirement benefits are accruing to 1 director (2013: 1) under a defined benefit pension scheme and 1 director under a money purchase pension scheme.

The highest paid director's accrued pension at 31 December 2014 was £18,910 (2013: £18,417).

Notes to the financial statements

2 Information regarding directors and employees (continued)

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

	Group		Company	
	12 months to 31 December 2014 Number	4 months to 31 December 2013 Number	12 months to 31 December 2014 Number	4 months to 31 December 2013 Number
Manufacturing, workshop employees and drivers	40	37	-	-
Sales and distribution staff	34	31	-	-
Technical and administration staff	41	40	5	5
	115	108	5	5

The costs incurred in respect of these employees were:

	Group		Company	
	12 months to 31 December 2014 £000	4 months to 31 December 2013 £000	12 months to 31 December 2014 £000	4 months to 31 December 2013 £000
Wages and salaries	2,691	911	236	170
Social security costs	248	90	28	23
Other pension costs – operating charge	213	89	13	33
Operating staff costs	3,152	1,090	277	226
Other pension costs – net finance income	8	2	-	-
	3,160	1,092	277	226

3 Exceptional items

Included within administrative expenses in the year are the following exceptional items:

	12 months to 31 December 2014 £000	4 months to 31 December 2013 £000
Write off of loan with Seddon Group Limited	-	(282)
Reorganisation costs	-	176
	-	(106)

Notes to the financial statements

4 Interest receivable and similar income

	12 months to 31 December 2014 £000	4 months to 31 December 2013 £000
Bank interest arising on other deposits	40	6
Other interest receivable	251	96
	<u>291</u>	<u>102</u>

5 Interest payable

	12 months to 31 December 2014 £000	4 months to 31 December 2013 £000
On other loans	30	-
	<u>30</u>	<u>-</u>

6 Tax on profit on ordinary activities

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

	12 months to 31 December 2014 £000	4 months to 31 December 2013 £000
UK corporation tax at a rate of 21.49% (2013: 23.25%) of taxable profit		
– Current year	129	22
– Adjustment in respect of prior year	23	-
	<u>152</u>	<u>22</u>
Deferred taxation		
– Current year	33	(10)
– Adjustment in respect of prior year	(6)	-
	<u>179</u>	<u>12</u>

Notes to the financial statements

6 Tax on profit on ordinary activities (continued)

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 21.49% (2013: 23.25%). The differences are explained as follows:

	12 months to 31 December 2014 £000	4 months to 31 December 2013 £000
(Loss) / profit on ordinary activities before taxation	<u>(8,328)</u>	<u>335</u>
(Loss) / profit on ordinary activities before taxation multiplied by standard rate of corporation tax in the United Kingdom of 21.49% (2013: 23.25%)	<u>(1,790)</u>	<u>78</u>
Effect of:		
Expenses not deductible for tax purposes	1,942	15
Income and capital gains not taxable	-	(66)
Difference between capital allowances and depreciation	13	18
Other short term timing differences	(37)	2
Surrender of capital losses	-	(25)
Adjustment in respect of prior year	24	-
	<u>152</u>	<u>22</u>

Notes to the financial statements

7 Equity dividends paid

	12 months to 31 December 2014 £'000 £000	4 months to 31 December 2013 £'000 £000
Preference shares		
CJS "A" Preference shares	-	4
CJS "B" Preference shares	-	5
JS "A" Preference shares	-	4
JS "B" Preference shares	-	5
GS "A" Preference shares	1	-
GS "B" Preference shares	1	-
	<u>2</u>	<u>18</u>
Ordinary shares		
JS Ordinary dividend	-	1
CJS Ordinary dividend	-	1
GS Ordinary dividend	2,479	-
	<u>2,481</u>	<u>20</u>

Included in the dividends above, £160,000 was settled in cash with the balance as a dividend in specie.

8 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						
At 1 January 2014	385	3,057	614	133	638	4,827
Additions	79	127	134	6	38	384
Disposals	-	-	(130)	-	-	(130)
At 31 December 2014	<u>464</u>	<u>3,184</u>	<u>618</u>	<u>139</u>	<u>676</u>	<u>5,081</u>
Depreciation						
At 1 January 2014	318	-	445	127	573	1,463
Charge for the year	39	47	105	1	28	220
On disposals	-	-	(113)	-	-	(113)
At 31 December 2014	<u>357</u>	<u>47</u>	<u>437</u>	<u>128</u>	<u>601</u>	<u>1,570</u>
Net book amount						
At 31 December 2014	<u>107</u>	<u>3,137</u>	<u>181</u>	<u>11</u>	<u>75</u>	<u>3,511</u>
At 31 December 2013	<u>67</u>	<u>3,057</u>	<u>169</u>	<u>6</u>	<u>65</u>	<u>3,364</u>

Notes to the financial statements

8 Tangible fixed assets (continued)

Company	Motor vehicles £000
Cost	
As at 1 January 2014	36
Additions	-
As at 31 December 2014	<u>36</u>
Depreciation	
As at 1 January 2014	4
Charge for the year	28
As at 31 December 2014	<u>34</u>
Net book amount	
At 31 December 2014	<u>4</u>
At 31 December 2013	<u>32</u>

9 Fixed asset investments

Group	Investment properties £000	Share of net assets / (liabilities) of joint ventures £000	Total £000
Cost or valuation			
At 1 January 2014	2,301	-	2,301
Disposals	(2,301)	-	(2,301)
Share of losses of joint ventures for the year	-	(2)	(2)
At 31 December 2014	<u>-</u>	<u>(2)</u>	<u>(2)</u>
Provision			
At 1 January 2014	-	-	-
Provided in the year	-	-	-
At 31 December 2014	<u>-</u>	<u>-</u>	<u>-</u>
Net book amount			
At 31 December 2014	<u>-</u>	<u>(2)</u>	<u>(2)</u>
At 31 December 2013	<u>2,301</u>	<u>-</u>	<u>2,301</u>

The investment of £1,674 (2013: £Nil) share of net liabilities in joint ventures is represented by gross assets of £1,560,643 (2013: £893,782) and gross liabilities of £1,562,317 (2013: £893,782).

Notes to the financial statements

9 Fixed asset investments (continued)

The aggregate of Seddon Engineering Holdings Limited (formerly Edgefold Holdings Limited)'s share in its joint ventures is shown for the following balance sheet items in accordance with FRS 9:

	2014 £000	2013 £000
Current assets	1,560	894
Liabilities due in more than one year	(1,562)	(894)
	<u>(2)</u>	<u>-</u>
Company		Subsidiary and joint venture companies £000
Cost		
1 January 2014		52
Disposals		(21)
At 31 December 2014		<u>31</u>

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	Distribution and servicing of contractors' plant and equipment and the sale of contractors' plant spares
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
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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 (formerly Edgefold Holdings Limited) unless otherwise stated.

10 Stocks

	2014 £000	Group 2013 £000	2014 £000	Company 2013 £000
Raw materials and consumables	915	729	-	-
Work in progress	228	196	-	-
Finished products	2,927	3,134	-	-
	<u>4,070</u>	<u>4,059</u>	<u>-</u>	<u>-</u>

Notes to the financial statements

11 Debtors

	2014 £000	Group 2013 £000	2014 £000	Company 2013 £000
Amounts falling due within one year				
Trade debtors	2,965	2,857	-	307
Amounts owed by group undertakings	225	-	242	-
Amounts owed by related parties	507	-	507	-
Corporation tax	-	5	28	-
Deferred tax (note 12)	71	56	9	1
Other debtors	3,191	4,658	3,113	4,602
Prepayments and accrued income	258	196	57	15
	<u>7,217</u>	<u>7,772</u>	<u>3,956</u>	<u>4,925</u>
Amounts falling due after more than one year				
Amounts owed by joint venture companies	2,441	1,787	2,441	1,787
Amounts owed by related parties	500	-	500	-
Other debtors	7,000	11,400	7,000	11,400
	<u>9,941</u>	<u>13,187</u>	<u>9,941</u>	<u>13,187</u>
	<u>17,158</u>	<u>20,959</u>	<u>13,897</u>	<u>18,112</u>

12 Deferred taxation

Group	Deferred taxation asset £000
At January 2014	56
Charged in the year	(33)
Prior year adjustment	6
Transferred to pension liability	42
	<u>71</u>
	2014 £000
Accelerated capital allowances	71
Other timing differences	-
	<u>71</u>
	2013 £000
	55
	1
	<u>56</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 year.

Notes to the financial statements

12 Deferred taxation (continued)

Company	Deferred taxation £000
At 1 January 2014	1
Credited in the period	8
At 31 December 2014	<u>9</u>

	2014 £000	2013 £000
Accelerated capital allowances	<u>9</u>	<u>1</u>

13 Creditors: amounts falling due within one year

	2014 £000	Group 2013 £000	2014 £000	Company 2013 £000
Trade creditors	2,361	2,164	53	17
Amounts owed to related companies	1,001	-	1,001	24,203
Social security and other taxes	359	136	79	8
Other creditors	71	15	-	-
Corporation tax	93	-	-	26
Accruals and deferred income	332	470	61	184
	<u>4,217</u>	<u>2,785</u>	<u>1,194</u>	<u>24,438</u>

14 Creditors: amounts falling due in more than one year

	2014 £000	Group 2013 £000	2014 £000	Company 2013 £000
Amounts owed to related companies	<u>2,000</u>	<u>-</u>	<u>2,000</u>	<u>-</u>

Notes to the financial statements

15 Share capital

	2014 £000	2013 £000
Allotted called up and fully paid		
43,334 GS Ordinary shares of £1 each	43	43
49,358 JS Ordinary shares of 1p each	-	1
73,396 CJS Ordinary shares of 1p each	-	1
433,284 GS "A" Preference shares of 1p each	-	4
493,526 JS "A" Preference shares of 1p each	-	5
733,886 CJS "A" Preference shares of 1p each	-	7
449,940 GS "B" Preference shares of 1p each	-	5
518,112 JS "B" Preference shares of 1p each	-	5
747,790 CJS "B" Preference shares of 1p each	-	7
	43	78

On 30 June 2014, the company purchased, 433,284 GS "A" Preference shares, 449,940 GS "B" Preference shares, 49,358 JS Ordinary shares, 493,526 JS "A" Preference shares, 518,112 JS "B" Preference shares, 73,396 CJS Ordinary shares, 733,886 CJS "A" Preference shares and 747,790 CJS "B" Preference shares. The aggregate purchase price for the shares was £23.

16 Statement of reserves

	Capital redemption reserve £000	Merger relief reserve £000	Profit and loss account £000
Group			
On 1 January 2014	-	34,862	398
Loss for the financial year	-	-	(8,507)
Equity dividends paid (note 7)	-	-	(2,481)
Purchase of own shares	35	-	-
Transfer from Merger relief reserve	-	(11,280)	11,280
Recognised actuarial gain less tax on defined benefit pension scheme (note 22)	-	-	(280)
At 31 December 2014	35	23,582	410
Company			
On 1 January 2014	-	-	7
Profit for the financial year	-	-	17,720
Purchase of own shares	35	-	-
Equity dividends paid (note 7)	-	-	(2,481)
	35	15,246	

Notes to the financial statements

The company has taken advantage of Section 408 of the Companies Act 2006 and consequently a profit and loss account for the company is not presented. The profit after tax dealt with in the financial statements of the holding company amounted to £17,720,000

17 Reconciliation of movements in shareholders' funds

Group	2014 £000	2013 £000
Issue shares	-	78
Merger relief reserve	-	34,862
Loss for the financial year	(8,507)	323
Equity dividends paid (note 7)	(2,481)	(20)
Recognised actuarial (gain)/loss less tax on defined benefit pension scheme (note 22)	(280)	95
Net (reduction)/increase in shareholders' funds	(11,268)	35,338
Opening shareholders' funds	35,338	-
Closing shareholders' funds	24,070	35,338

Company	2014 £000	2013 £000
Shares issued for cash	-	26
Shares issued in respect of acquisitions during the year	-	52
Profit for the financial year	17,720	27
Equity dividends paid (note 7)	(2,481)	(20)
Net addition to shareholders' funds	15,239	85
Opening shareholders' funds	85	-
Closing shareholders' funds	15,324	85

18 Reconciliation of operating profit to net cash outflow from operating activities

	12 months to 31 December 2014 £000	4 months to 31 December 2013 £000
Operating profit	369	231
Depreciation	220	64
Increase in stocks	(11)	(392)
Decrease/ (increase) in debtors	3,899	(53)
Decrease in creditors	(660)	(1,239)
Pension contributions	(157)	-
Net cash inflow / (outflow) from operating activities	3,660	(1,389)

Notes to the financial statements

19 Movement in net funds

	12 months to 31 December 2014 £000	4 months to 31 December 2013 £000
Increase /(decrease) in cash	3,266	(1,390)
Acquisition of subsidiaries	-	9,503
Demerger of subsidiary	(5,000)	-
(Decrease) / increase in cash per cash flow statement	(1,734)	8,113
Opening net funds	8,113	-
Closing net funds	6,379	8,113

20 Analysis of net funds

	At 1 January 2014 £000	Cashflows £000	Demerger £000	At 31 December 2014 £000
Cash at bank and in hand	8,113	3,266	(5,000)	6,379

21 Contingent liabilities

Contingent liabilities exist at 31 December 2014 in respect of counter-indemnities to H M Revenue and Customs totalling £40,000 (2013: £40,000).

22 Pension arrangements

Defined Benefit Scheme

The Seddon Engineering Retirement Scheme was established on 11 December 2013 as a consequence of the demerger of Seddon Group Limited. In May 2014 a proportion of both the assets and liabilities of the Seddon Group Retirement Scheme were transferred into the scheme.

The disclosures set out below relate to the proportion of the Seddon Group Retirement Scheme which was agreed to be transferred to the Seddon Engineering Retirement Scheme.

Notes to the financial statements

22 Pension arrangements (continued)

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 1 November 2010. The valuation method used is the Defined Accrued Benefits method and the principal assumptions made by the actuary were:

Investment rate of return	– Pre-retirement	5.5% per annum
	– Post-retirement	5.5% per annum
Salary growth		In line with price inflation
Price inflation		2.7% per annum
Pension increases		As guaranteed

At 1 November 2010, the share of the market value of the scheme's assets which has now been transferred to Seddon the Engineering Retirement Scheme was £4,385,000 which was sufficient to cover 78% of the benefits that had accrued to members.

The following disclosures under FRS 17 relate to the assets and liabilities in the Seddon Engineering Retirement Scheme.

The basis of calculation of the scheme's liabilities under FRS 17 differs from the method above, in that the FRS now stipulates the discount rate which should be used to discount the scheme liabilities.

		2014 %pa	2013 %pa
The main assumptions used by the actuary for FRS 17 purposes were:			
Discount rate		3.4	4.6
Expected return on scheme assets		4.6	5.5
Price inflation (RPI)		2.8	3.3
Price inflation (CPI)		1.8	2.3
Rate of increase for pensions in payment			
Post 88 Guaranteed Minimum Pension		1.7	2.3
Discretionary awards		-	-
Pre retirement mortality	Nil		S1PxA
		CMI2013 1.0% pa long term projections + 2 year age rating	
Post retirement mortality	S2PxA		S1PxA
	CMI2014 1.0%pa long term projections + 1 year age rating	CMI2013 1.0% pa long term projections + 2 year age rating	
Cash commutation	90% of maximum tax free allowance	225% of pre-commutation pension	

Notes to the financial statements

22 Pension arrangements (continued)

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

	2014 Male	2014 Female	2013 Male	2013 Female
Member age 65 (current life expectancy)	21.1	23.1	20.2	22.3
Member age 45 (life expectancy at age 65)	<u>22.4</u>	<u>24.6</u>	<u>21.6</u>	<u>23.8</u>

The amounts credited in profit or loss are as follows:

	12 months to 31 December 2014 £'000	4 months to 31 December 2013 £'000
Interest on obligation	(247)	(87)
Expected return on scheme assets	255	89
	<u>8</u>	<u>2</u>

The amounts recognised in the balance sheet are as follows:

	At 31 December 2014 £'000	At 31 December 2013 £'000
Fair value of scheme assets	4,735	4,650
Present value of funded retirement benefit obligations	<u>(5,771)</u>	<u>(5,502)</u>
Deficit	(1,036)	(852)
Related deferred tax asset	207	179
Net liability	<u>(829)</u>	<u>(673)</u>

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

	2014 %	2013 %
Diversified Growth Fund	77.0	76.7
Gilts	2.9	2.6
Corporate bonds	14.9	14.6
Property	4.9	5.9
Cash	0.3	0.2
Total	<u>100.0</u>	<u>100.0</u>

Notes to the financial statements

22 Pension arrangements (continued)

The actual return on scheme assets was as follows:

	12 months to 31 December 2014 £000	4 months to 31 December 2013 £000
Actual return on scheme assets	302	172

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

	2014 £000	2013 £000
Opening fair value of scheme assets at 1 January 2014	4,650	4,585
Expected return	255	89
Actuarial gains	47	83
Contributions received	158	-
Benefits paid	(375)	(107)
Closing fair value of scheme assets at 31 December 2014	4,735	4,650

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

	2014 £000	2013 £000
Opening defined benefit obligation at 1 January 2014	5,502	5,558
Interest cost	247	87
Actuarial losses / (gains)	397	(36)
Benefits paid	(375)	(107)
Closing defined benefit obligation at 31 December 2014	5,771	5,502

Changes in the cumulative amounts of actuarial gains and losses recognised in the statement of total recognised gains and losses are as follows:

	2014 £'000	2013 £'000
Opening cumulative actuarial gains recognised in the STRGL	94	-
Actuarial (losses) / gains	(350)	119
Closing cumulative actuarial (losses) / gains recognised in the STRGL, before deferred taxation	(256)	119
Deferred tax asset / (liability) arising on (losses) / gains recognised in the STRGL	70	(25)
Closing cumulative actuarial (losses) / gains recognised in the STRGL, net of deferred taxation	(186)	94

Notes to the financial statements

22 Pension arrangements (continued)

The results of calculations are sensitive to the assumptions used. The following table summarises the impact of

	2014 Revised deficit	2014 Change from disclosed deficit	2013 Revised deficit	2013 Change from disclosed deficit
	£000	£000	£000	£000
Discount rate less 0.1% per annum	(1,111)	(75)	(923)	(71)
RPI inflation and linked assumptions plus 0.1%	(1,064)	(28)	(889)	(37)
Members living one year longer than assumed	(1,079)	(43)	(983)	(131)

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.

23 Related party transactions

The group has taken the exemption under FRS 8 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	
	2014 £000	2013 £000	2014 £000	2013 £000	2014 £000	2013 £000	2014 £000	2013 £000
Joint ventures								
Ascalon Properties Limited	-	-	2,441	1,787	-	-	-	-
Related Parties								
Geohn Estates Limited			6					
Geohn Developments Limited	-	-	1,001	-	-	-	-	-
KRMCo Limited	-	-	-	-	-	-	(3,001)	-

24 Transactions with directors

During the year loans were made to a director amounting to £350,419. Interest was levied at 3.25% and all capital and interest was repaid by the 31 December 2014, leaving a sum owed to the director of £1,251.

25 Ultimate parent company

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

26 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