

Company Registration No. 08461559 (England and Wales)

**SEDDON ENGINEERING HOLDINGS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

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# SEDDON ENGINEERING HOLDINGS LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	S J Seddon K L Whitaker
<b>Secretary</b>	S J Cook
<b>Company number</b>	08461559
<b>Registered office</b>	Units A2-A6 Edgefold Industrial Estate Plodder Lane Bolton United Kingdom BL4 0LR
<b>Auditor</b>	Azets Audit Services Ship Canal House 98 King Street Manchester M2 4WU
<b>Bankers</b>	Barclays Bank plc 1st floor 3 Hardman Street Spinningfields Manchester United Kingdom M3 3HF

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# **SEDDON ENGINEERING HOLDINGS LIMITED**

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# SEDDON ENGINEERING HOLDINGS LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2021

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

#### 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; and
- Land development.

#### Review of the business

Turnover of the group for the year ending 31 December 2021 was £21,105k (2020: £17,263k) generating a profit before tax of £1,996k (2020: £50k). The balance sheet of the group is strong, comprising £26,365k (2020: £24,276k) of net assets, of which £7,144k (2020: £7,405k) is in cash. The directors have monitored the progress of the group by reference to certain financial and non-financial key performance indicators:

	2021	2020	Measure
Gross profit %	16.9%	11.9%	Gross profit/turnover
Return on capital employed	7.6%	0.2%	Profit before tax/(shareholders funds plus net debt)

Turnover has increased within each sector of the group. The most significant increase seen within the Plant and Engineering business. The strategic plan in 2020 to close 3 depots in the Plant and Engineering business, whilst still retaining significant sales from these closed branches and the efficient management of our supply chains, allowed us to continue to supply our key market sectors, both retaining and gaining new customers. Winget has also seen a significant turn around from last year's losses, with increased business from the UK market and contracts secured for future orders. Improved gross margins and operating profits have been seen across all business's, even allowing for the profit on sale of our 3 depots included in the 2021 results, which were closed during the pandemic. Minimal furlough grants were claimed in 2021, as we soon returned to full utilisation of our workforce.

#### Future review

New senior management in 2 out of 3 of our trading entities, focusing on marketing and sales, has enabled the group to take a fresh approach to opportunities in the current market securing orders. The Group continues to improve efficiencies and seek new opportunities. Performance to date in 2022 is ahead of expectations, but we are well prepared for what may be a tough second half of 2022.

Investment continues to be made in property development and housebuilding through related companies and through its joint venture operations, which should continue to bring investment returns during 2022 and beyond.

# SEDDON ENGINEERING HOLDINGS LIMITED

## STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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### Financial risk management objectives and policies

#### Liquidity risk

The group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest surplus cash safely and profitably.

#### Interest rate risk

The group finances its operation 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 2021 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			Total £000
	Fixed £000	Floating £000	Zero £000	
<b>Financial assets</b>				
Cash	-	7,144	-	7,144
Trade debtors	-	-	2,764	2,764
<b>Financial liabilities</b>				
Trade creditors	-	-	2,724	2,724

#### 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.

The United Kingdom has left the European Union and this has led to some difficulties with trading across borders, but we have managed to adapt and work with our suppliers and customers and will continue to do so. Interest rate risk in relation to the fluctuation of the Euro continues to be monitored to ensure our pricing strategy is adjusted where necessary.

# **SEDDON ENGINEERING HOLDINGS LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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### **Health & safety and employees**

#### **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 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.

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.

By order of the board



S J Cook

**Secretary**

24 May 2022

# **SEDDON ENGINEERING HOLDINGS LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2021**

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

#### **Principal activities**

The principal activity of the group continued to be that of the manufacture, distribution and servicing of contractors plant and equipment and the sale of spare parts and equipment. The activities of the group also include the manufacture and sale of Winget mixers and dumpers, vehicle sales, servicing and repairs, property holding and management and land development.

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

#### **Results and dividends**

The results for the year are set out on page 10.

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

#### **Directors**

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

S J Seddon  
K L Whitaker

#### **Auditor**

The auditor, Azets Audit Services, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### **Statement of directors' responsibilities**

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

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

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

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

# **SEDDON ENGINEERING HOLDINGS LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2021***

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### **Statement of disclosure to auditor**

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

By order of the board



S J Cook  
**Secretary**

24 May 2022



# SEDDON ENGINEERING HOLDINGS LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF SEDDON ENGINEERING HOLDINGS LIMITED

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#### Opinion

We have audited the financial statements of Seddon Engineering Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

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

#### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

#### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

# **SEDDON ENGINEERING HOLDINGS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF SEDDON ENGINEERING HOLDINGS LIMITED**

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#### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

#### **Matters on which we are required to report by exception**

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

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

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

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

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

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

# **SEDDON ENGINEERING HOLDINGS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF SEDDON ENGINEERING HOLDINGS LIMITED**

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#### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the entity through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

# **SEDDON ENGINEERING HOLDINGS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF SEDDON ENGINEERING HOLDINGS LIMITED**

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#### **Use of our report**

This report is made solely to the company's member 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 member 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 member for our audit work, for this report, or for the opinions we have formed.

*Lee Van Houplines*

**Lee Van Houplines (Senior Statutory Auditor)**  
**For and on behalf of Azets Audit Services**

24 May 2022

**Chartered Accountants**  
**Statutory Auditor**

Ship Canal House  
98 King Street  
Manchester  
M2 4WU

# SEDDON ENGINEERING HOLDINGS LIMITED

## GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £'000	2020 £'000
Turnover	4	21,105	17,263
Cost of sales		(17,538)	(15,216)
<b>Gross profit</b>		<b>3,567</b>	<b>2,047</b>
Administrative expenses		(2,930)	(2,680)
Other operating income		835	469
Exceptional item	3	-	(78)
<b>Operating profit/(loss)</b>	<b>5</b>	<b>1,472</b>	<b>(242)</b>
Share of results of associates and joint ventures		197	2
Interest receivable and similar income	8	341	342
Interest payable and similar expenses	9	(14)	(52)
<b>Profit before taxation</b>		<b>1,996</b>	<b>50</b>
Tax on profit	10	(272)	7
<b>Profit for the financial year</b>		<b>1,724</b>	<b>57</b>
<b>Other comprehensive income</b>			
Actuarial gain/(loss) on defined benefit pension schemes		487	(252)
Tax relating to other comprehensive income		(122)	48
<b>Total comprehensive income for the year</b>		<b>2,089</b>	<b>(147)</b>

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

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

# SEDDON ENGINEERING HOLDINGS LIMITED

## GROUP BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 £'000	£'000	2020 £'000	£'000
<b>Fixed assets</b>					
Tangible assets	11		2,836		3,096
Investments	12		328		57
			<u>3,164</u>		<u>3,153</u>
<b>Current assets</b>					
Stocks	15	3,496		3,348	
Debtors	16	16,574		13,830	
Cash at bank and in hand		7,144		7,405	
		<u>27,214</u>		<u>24,583</u>	
<b>Creditors: amounts falling due within one year</b>	17	(3,439)		(2,186)	
<b>Net current assets</b>			<u>23,775</u>		<u>22,397</u>
<b>Total assets less current liabilities</b>			<u>26,939</u>		<u>25,550</u>
<b>Net assets excluding pension liability</b>			26,939		25,550
<b>Defined benefit pension liability</b>	19		(574)		(1,274)
<b>Net assets</b>			<u><u>26,365</u></u>		<u><u>24,276</u></u>
<b>Capital and reserves</b>					
Called up share capital	20		43		43
Capital redemption reserve			35		35
Merger reserve			23,582		23,582
Profit and loss reserves			2,705		616
<b>Total equity</b>			<u><u>26,365</u></u>		<u><u>24,276</u></u>

The financial statements were approved by the board of directors and authorised for issue on 24 May 2022 and are signed on its behalf by:

  
S J Seddon  
Director

# SEDDON ENGINEERING HOLDINGS LIMITED

## COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 £'000	2020 £'000
<b>Fixed assets</b>			
Tangible assets	11	81	60
Investments	12	31	31
		112	91
<b>Current assets</b>			
Debtors	16	14,065	11,360
Cash at bank and in hand		4,285	4,901
		18,350	16,261
<b>Creditors: amounts falling due within one year</b>	17	(2,254)	(737)
<b>Net current assets</b>		16,096	15,524
<b>Total assets less current liabilities</b>		16,208	15,615
<b>Net assets excluding pension liability</b>		16,208	15,615
<b>Defined benefit pension liability</b>	19	(574)	(1,274)
<b>Net assets</b>		15,634	14,341
<b>Capital and reserves</b>			
Called up share capital	20	43	43
Capital redemption reserve		35	35
Profit and loss reserves		15,556	14,263
<b>Total equity</b>		15,634	14,341

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £927,771 (2020 - £176,368 profit).

The financial statements were approved by the board of directors and authorised for issue on 24 May 2022 and are signed on its behalf by:



S. J. Seddon  
Director

Company Registration No. 08461559

# SEDDON ENGINEERING HOLDINGS LIMITED

## GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital £'000	Capital redemption reserve £'000	Merger reserve £'000	Profit and loss reserves £'000	Total £'000
<b>Balance at 1 January 2020</b>	43	35	23,582	763	24,423
<b>Year ended 31 December 2020:</b>					
Profit for the year	-	-	-	57	57
Other comprehensive income:					
Actuarial loss on defined benefit plans	-	-	-	(252)	(252)
Tax relating to other comprehensive income	-	-	-	48	48
Total comprehensive income for the year	-	-	-	(147)	(147)
<b>Balance at 31 December 2020</b>	43	35	23,582	616	24,276
<b>Year ended 31 December 2021:</b>					
Profit for the year	-	-	-	1,724	1,724
Other comprehensive income:					
Actuarial gains on defined benefit plans	-	-	-	487	487
Tax relating to other comprehensive income	-	-	-	(122)	(122)
Total comprehensive income for the year	-	-	-	2,089	2,089
<b>Balance at 31 December 2021</b>	43	35	23,582	2,705	26,365



# SEDDON ENGINEERING HOLDINGS LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital £'000	Capital redemption reserve £'000	Profit and loss reserves £'000	Total £'000
<b>Balance at 1 January 2020</b>	43	35	14,291	14,369
<b>Year ended 31 December 2020:</b>				
Profit for the year	-	-	176	176
Other comprehensive income:				
Actuarial loss on defined benefit pension scheme	-	-	(252)	(252)
Deferred tax movements	-	-	48	48
Total comprehensive income for the year	-	-	(28)	(28)
<b>Balance at 31 December 2020</b>	43	35	14,263	14,341
<b>Year ended 31 December 2021:</b>				
Profit for the year	-	-	928	928
Other comprehensive income:				
Actuarial gain on defined benefit pension schemes	-	-	487	487
Deferred tax movements	-	-	(122)	(122)
Total comprehensive income for the year	-	-	1,293	1,293
<b>Balance at 31 December 2021</b>	43	35	15,556	15,634

# SEDDON ENGINEERING HOLDINGS LIMITED

## GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £'000	£'000	2020 £'000	£'000
<b>Cash flows from operating activities</b>					
Cash (absorbed by)/generated from operations	27		(1,148)		1,632
Interest paid			(14)		(18)
Income taxes paid			(155)		(82)
<b>Net cash (outflow)/inflow from operating activities</b>			(1,317)		1,532
<b>Investing activities</b>					
Purchase of tangible fixed assets		(481)		(134)	
Proceeds on disposal of tangible fixed assets		1,331		40	
Interest received		206		342	
<b>Net cash generated from investing activities</b>			1,056		248
<b>Net (decrease)/increase in cash and cash equivalents</b>			(261)		1,780
Cash and cash equivalents at beginning of year			7,405		5,625
<b>Cash and cash equivalents at end of year</b>			<u>7,144</u>		<u>7,405</u>

# SEDDON ENGINEERING HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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### **1 Accounting policies**

#### **Company information**

Seddon Engineering Holdings Limited ("the company") is a private company limited by shares and incorporated in England and Wales. The registered office is Units A2-A6, Edgefold Industrial Estate, Plodder Lane, Bolton, United Kingdom, BL4 0LR.

The group consists of Seddon Engineering Holdings Limited and all of its subsidiaries.

#### **1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The company has taken advantage of the Reduced Financial Reporting Regime, as permitted by FRS 102 regarding the disclosure requirements of Sections 3, 4, 7, 11, 12 and 33 of the standard.

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

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

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

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

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

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

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 1 January 2015.

Therefore the group continues to recognise a merger reserve which arose on a past business combination that was accounted for as a merger in accordance with UK GAAP as applied at that time.

# SEDDON ENGINEERING HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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### 1 Accounting policies

(Continued)

#### 1.2 Going concern

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

#### 1.3 Turnover

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

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

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

#### 1.4 Research and development expenditure

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

#### 1.5 Tangible fixed assets

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

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

Freehold land and buildings	50 years
Leasehold improvements	5 years
Plant and machinery	5 years
Fixtures and fittings	between 3 and 5 years
Motor vehicles	between 2 and 5 years

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

#### 1.6 Fixed asset investments

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

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

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

# **SEDDON ENGINEERING HOLDINGS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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### **1 Accounting policies**

**(Continued)**

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

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

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

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

#### **1.7 Impairment of fixed assets**

At each reporting period end date, the group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

#### **1.8 Stocks**

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 on the FIFO basis. For work in progress and finished goods, cost is calculated either on the FIFO basis or as the average direct cost of production plus overheads.

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

#### **1.9 Cash and cash equivalents**

Cash and cash equivalents are basic financial assets and include cash in hand and deposits held at call with banks.

# SEDDON ENGINEERING HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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### 1 Accounting policies

(Continued)

#### 1.10 Financial instruments

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

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

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

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost. Financial assets classified as receivable within one year are not amortised.

##### **Other financial assets**

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

##### **Impairment of financial assets**

Financial assets are assessed for indicators of impairment at each reporting end date.

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

##### **Derecognition of financial assets**

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

##### **Classification of financial liabilities**

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

# SEDDON ENGINEERING HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 1 Accounting policies

(Continued)

##### **Basic financial liabilities**

Basic financial liabilities, including creditors, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

##### **Derecognition of financial liabilities**

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

#### 1.11 Equity instruments

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

#### 1.12 Taxation

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

##### **Current tax**

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

##### **Deferred tax**

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

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

# SEDDON ENGINEERING HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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### 1 Accounting policies

(Continued)

#### 1.13 Employee benefits

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

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

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

#### 1.14 Retirement benefits

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 Peoples Pension 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 balance sheet. A net surplus is recognised only to the extent that it is recoverable.

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 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 balance sheet. The assets of the plan are held separately from the group in independently administered funds.

#### 1.15 Leases

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

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

#### 1.16 Government grants

Other operating income consists of government grant income receivable in relation to the Coronavirus Job Retention Scheme. Income is recognised once the company is entitled to the income, which is when the claim is submitted.



# SEDDON ENGINEERING HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 1 Accounting policies

(Continued)

#### 1.17 Foreign exchange

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

### 2 Judgements and key sources of estimation uncertainty

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

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

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

#### **Stock provisions and doubtful debt provisions**

Management review the recoverable amount of stock, trade debtors and amounts owed by joint ventures and related undertakings at each financial year end and provide against any assets which management believe are not recoverable in part or in full.

#### **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 the relevant note, 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 2020 has been used by the actuary in valuing the pensions liability at 31 December 2021. 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.

### 3 Exceptional item

	2021 £'000	2020 £'000
<b>Expenditure</b>		
Exceptional restructuring costs	-	78

# SEDDON ENGINEERING HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 4 Turnover and other revenue

	2021 £'000	2020 £'000
<b>Turnover analysed by class of business</b>		
Sale of goods	20,582	16,747
Vehicle service sales	523	516
	<u>21,105</u>	<u>17,263</u>
	2021 £'000	2020 £'000
<b>Turnover analysed by geographical market</b>		
United Kingdom	20,294	16,303
Rest of Europe	385	521
Rest of the world	426	439
	<u>21,105</u>	<u>17,263</u>

### 5 Operating profit/(loss)

	2021 £'000	2020 £'000
Operating profit/(loss) for the year is stated after charging/(crediting):		
Government grants	(60)	(462)
Depreciation of owned tangible fixed assets	240	230
Fees payable to auditor for audit of the group	35	34
Other non-audit fees payable	11	10
	<u></u>	<u></u>

### 6 Employees

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

	Group 2021 Number	2020 Number	Company 2021 Number	2020 Number
Manufacturing, workshop employees and drivers	24	19	-	-
Sales and distribution staff	32	57	-	-
Technical and administration staff	20	12	11	11
	<u></u>	<u></u>	<u></u>	<u></u>
Total	76	88	11	11

# SEDDON ENGINEERING HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 6 Employees

(Continued)

Their aggregate remuneration comprised:

	Group 2021 £'000	2020 £'000	Company 2021 £'000	2020 £'000
Wages and salaries	2,305	2,385	601	473
Social security costs	215	226	79	66
Pension costs	262	258	86	84
	<u>2,782</u>	<u>2,869</u>	<u>766</u>	<u>623</u>

£65k (2020: £69k) of group wages costs have been charged to production in cost of sales and are excluded from the above analysis.

### 7 Directors' remuneration

	2021 £'000	2020 £'000
Remuneration for qualifying services	<u>186</u>	<u>163</u>

### 8 Interest receivable and similar income

	2021 £'000	2020 £'000
<b>Interest income</b>		
Interest on bank deposits	1	6
Share of joint venture interest	135	-
Other interest income	205	336
Total income	<u>341</u>	<u>342</u>

### 9 Interest payable and similar expenses

	2021 £'000	2020 £'000
Share of joint venture interest	-	34
Other interest on financial liabilities	14	18
Total finance costs	<u>14</u>	<u>52</u>

# SEDDON ENGINEERING HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 10 Taxation

	2021 £'000	2020 £'000
<b>Current tax</b>		
UK corporation tax on profits for the current period	200	12
Adjustments in respect of prior periods	(3)	-
Other taxes	62	(6)
	<u>259</u>	<u>6</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	12	(13)
Adjustment in respect of prior periods	1	-
	<u>13</u>	<u>(13)</u>
<b>Total tax charge/(credit)</b>	<u>272</u>	<u>(7)</u>

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

	2021 £'000	2020 £'000
Profit before taxation	1,996	50
	<u>1,996</u>	<u>50</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	379	10
Tax effect of income not taxable in determining taxable profit	(146)	-
Adjustments in respect of prior years	(3)	-
Effect of change in corporation tax rate	(68)	(28)
Depreciation on assets not qualifying for tax allowances	8	11
Deferred tax adjustments in respect of prior years	1	-
Chargeable gains	106	-
Enhanced capital allowances	(5)	-
	<u>272</u>	<u>(7)</u>
<b>Taxation charge/(credit)</b>	<u>272</u>	<u>(7)</u>

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

	2021 £'000	2020 £'000
Deferred tax arising on:		
Actuarial differences recognised as other comprehensive income	122	(48)
	<u>122</u>	<u>(48)</u>

# SEDDON ENGINEERING HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 11 Tangible fixed assets

Group	Freehold land and buildings £'000	Leasehold improvements £'000	Plant and machinery £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>						
At 1 January 2021	3,185	420	109	665	664	5,043
Additions	-	4	9	85	383	481
Disposals	(520)	-	-	(6)	(337)	(863)
At 31 December 2021	2,665	424	118	744	710	4,661
<b>Depreciation and impairment</b>						
At 1 January 2021	335	397	102	606	507	1,947
Depreciation charged in the year	43	10	1	51	135	240
Eliminated in respect of disposals	(58)	-	-	(6)	(298)	(362)
At 31 December 2021	320	407	103	651	344	1,825
<b>Carrying amount</b>						
At 31 December 2021	2,345	17	15	93	366	2,836
At 31 December 2020	2,850	23	7	59	157	3,096
<b>Company</b>					<b>Motor vehicles £'000</b>	
<b>Cost</b>						
At 1 January 2021						68
Additions						63
At 31 December 2021						131
<b>Depreciation and impairment</b>						
At 1 January 2021						8
Depreciation charged in the year						42
At 31 December 2021						50
<b>Carrying amount</b>						
At 31 December 2021						81
At 31 December 2020						60

# SEDDON ENGINEERING HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 12 Fixed asset investments

	Notes	Group 2021 £'000	2020 £'000	Company 2021 £'000	2020 £'000
Investments in subsidiaries	13	-	-	31	31
Investments in joint ventures	14	328	57	-	-
		<u>328</u>	<u>57</u>	<u>31</u>	<u>31</u>

#### Movements in fixed asset investments

Group	Shares in joint ventures £'000
<b>Cost or valuation</b>	
At 1 January 2021	57
Increase in share of net assets	271
At 31 December 2021	<u>328</u>
<b>Carrying amount</b>	
At 31 December 2021	<u>328</u>
At 31 December 2020	<u>57</u>

The share of net assets/(liabilities) in joint ventures is represented by gross assets of £869k (2020: £1,883k) and gross liabilities of £214k (2020: £1,769k).

The aggregate of Seddon Engineering Holding Limited's share in its joint ventures is shown for the following balance sheet items in accordance with FRS 102; Current assets £435k (2020: £942k), liabilities £107k (2020: £885k).

A loss made by a joint venture of £3k (2020: £nil) has not been recognised as the directors do not believe that the group has a legal or constructive obligation over the net liabilities of the company.

A profit made by a joint venture of £52k (2020: £43k loss) has not been recognised as the directors do not believe that the group has a legal or constructive obligation over the net liabilities of the company.

#### Movements in fixed asset investments

Company	Shares in subsidiaries £'000
<b>Cost or valuation</b>	
At 1 January 2021 and 31 December 2021	<u>31</u>
<b>Carrying amount</b>	
At 31 December 2021	<u>31</u>
At 31 December 2020	<u>31</u>

# SEDDON ENGINEERING HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 13 Subsidiaries

The company owned 100% of the ordinary share capital of the following subsidiaries at the balance sheet date:

Name of undertaking	Registered office	Nature of business
Seddons (Plant & Engineers) Limited	1	Manufacture, distribution and servicing of contractors' plant and equipment and the sale of contractors' plant spares
Brownpower Engineering Limited*	1	Dormant
Winget Limited	1	Manufacture of mixers and dumpers and sale of spares
District Garage Limited	1	Garage proprietors
G5 Estates Limited	1	Property holding and management

Registered office addresses (all UK unless otherwise indicated):

1 Units A2-A6 Edgefold Industrial Estate, Plodder Lane, Bolton, BL4 0LR

\* held indirectly

#### 14 Joint ventures

Details of joint ventures at 31 December 2021 are as follows:

Name of undertaking	Registered office	Nature of business	Interest held	% Held
Ascalon Properties Limited	England & Wales	Property development	A Ordinary	50.00
Chipping Homes Limited	England & Wales	Property development	B Ordinary	25.00
S D Primepoint Limited	England & Wales	Property development	B Ordinary	50.00
Barns Lane Holdings Limited	England & Wales	Property development	B Ordinary	50.00

The shares in Chipping Homes Limited are owned by Ascalon Properties Limited, which owns 50%.

#### 15 Stocks

	Group 2021 £'000	2020 £'000	Company 2021 £'000	2020 £'000
Raw materials and consumables	770	743	-	-
Work in progress	226	124	-	-
Finished goods and goods for resale	2,500	2,481	-	-
	<u>3,496</u>	<u>3,348</u>	<u>-</u>	<u>-</u>

# SEDDON ENGINEERING HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 16 Debtors

	Group 2021 £'000	2020 £'000	Company 2021 £'000	2020 £'000
<b>Amounts falling due within one year:</b>				
Trade debtors	2,764	2,775	2	2
Corporation tax recoverable	-	-	226	41
Amounts owed by group undertakings	279	251	612	852
Other debtors	4,571	4,045	4,552	4,031
Prepayments and accrued income	275	306	19	43
	<u>7,889</u>	<u>7,377</u>	<u>5,411</u>	<u>4,969</u>
Deferred tax asset (note 18)	162	299	131	237
	<u>8,051</u>	<u>7,676</u>	<u>5,542</u>	<u>5,206</u>
<b>Amounts falling due after more than one year:</b>				
Other debtors	<u>8,523</u>	<u>6,154</u>	<u>8,523</u>	<u>6,154</u>
<b>Total debtors</b>	<u>16,574</u>	<u>13,830</u>	<u>14,065</u>	<u>11,360</u>

Included within other debtors falling due within one year and after more than one year are amounts owed by joint ventures and associated undertakings of £12,869k (2020: £9,979k).

### 17 Creditors: amounts falling due within one year

	Group 2021 £'000	2020 £'000	Company 2021 £'000	2020 £'000
Trade creditors	2,724	1,624	5	33
Amounts owed to group undertakings	-	-	2,115	615
Corporation tax payable	55	13	-	-
Other taxation and social security	270	306	44	58
Other creditors	44	37	2	2
Accruals and deferred income	346	206	88	29
	<u>3,439</u>	<u>2,186</u>	<u>2,254</u>	<u>737</u>

Included within other creditors is an amount owed to joint ventures and associated undertakings of £2k (2020: £2k).



# SEDDON ENGINEERING HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 18 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	<b>Assets 2021 £'000</b>	<b>Assets 2020 £'000</b>
<b>Group</b>		
Accelerated capital allowances	19	57
Defined benefit pension scheme liability	143	242
	<u>162</u>	<u>299</u>
	<u><u>162</u></u>	<u><u>299</u></u>
	<b>Assets 2021 £'000</b>	<b>Assets 2020 £'000</b>
<b>Company</b>		
Accelerated capital allowances	(12)	(5)
Defined benefit pension scheme liability	143	242
	<u>131</u>	<u>237</u>
	<u><u>131</u></u>	<u><u>237</u></u>
	<b>Group 2021 £'000</b>	<b>Company 2021 £'000</b>
<b>Movements in the year:</b>		
Asset at 1 January 2021	(299)	(237)
Charge/(credit) to profit or loss	15	(16)
Charge to other comprehensive income	122	122
	<u>(162)</u>	<u>(131)</u>
Asset at 31 December 2021	<u><u>(162)</u></u>	<u><u>(131)</u></u>

### 19 Retirement benefit schemes

	<b>2021 £'000</b>	<b>2020 £'000</b>
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	244	240
	<u>244</u>	<u>240</u>

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

# SEDDON ENGINEERING HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 19 Retirement benefit schemes

(Continued)

##### Defined benefit schemes

The company operates a defined benefit scheme for qualifying employees. The Seddon Engineering Retirement Scheme is a final salary scheme whose assets are held in an independently administered fund separate to 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 2020. The valuation method used is the Defined Accrued Benefits method.

The most recent update of the plans assets and the present value of the defined benefit obligations were carried out at 31 December 2021 by Quantum Advisory, based on the full actuarial valuation of the fund at 30 June 2020, updated to 31 December 2021.

	2021	2020
	%	%
<i>Key assumptions</i>		
Discount rate	1.8	1.2
Expected rate of increase of pensions in payment	2.2	1.9
RPI price inflation	3.5	2.9
CPI price inflation	2.7	2.1
	=====	=====
<i>Mortality assumptions</i>	2021	2020
Assumed life expectations on retirement at age 65:	Years	Years
for individuals aged 65 now		
- Males	20.9	20.9
- Females	23.2	23.2
	=====	=====
for individuals retiring at 65, aged 45 now		
- Males	21.9	21.9
- Females	24.4	24.3
	=====	=====
	2021	2020
<i>Amounts recognised in the profit and loss account</i>	£'000	£'000
Net interest on net defined benefit liability/(asset)	14	18
Other costs and income	18	18
	=====	=====
Total costs	32	36
	=====	=====

# SEDDON ENGINEERING HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 19 Retirement benefit schemes

(Continued)

	2021 £'000	2020 £'000
<i>Amounts taken to other comprehensive income</i>		
Actual return on scheme assets	(233)	(395)
Less: calculated interest element	64	92
Return on scheme assets excluding interest income	(169)	(303)
Actuarial changes related to obligations	(318)	555
Total costs/(income)	(487)	252

The cumulative amount of actuarial gains and losses recognised in the Statement of Comprehensive Income is £1,183k (2020: £1,670k).

The amounts included in the balance sheet arising from the company's obligations in respect of defined benefit plans are as follows:

	Group 2021 £'000	2020 £'000	Company 2021 £'000	2020 £'000
Present value of defined benefit obligations	6,078	6,631	6,078	6,631
Fair value of plan assets	(5,504)	(5,357)	(5,504)	(5,357)
Deficit in scheme	574	1,274	574	1,274

	Group 2021 £'000	Company 2021 £'000
<i>Movements in the present value of defined benefit obligations</i>		
Liabilities at 1 January 2021	6,631	6,631
Past service cost	18	18
Benefits paid	(331)	(331)
Actuarial gains and losses	(318)	(318)
Interest cost	78	78
At 31 December 2021	6,078	6,078

# SEDDON ENGINEERING HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 19 Retirement benefit schemes

(Continued)

	Group 2021 £'000	Company 2021 £'000
<i>Movements in the fair value of plan assets</i>		
Fair value of assets at 1 January 2021	5,357	5,357
Interest income	64	64
Return on plan assets (excluding amounts included in net interest)	169	169
Benefits paid	(331)	(331)
Contributions by the employer	245	245
At 31 December 2021	<u>5,504</u>	<u>5,504</u>

#### *Fair value of plan assets at the reporting period end*

	Group 2021 £'000	2020 £'000	Company 2021 £'000	2020 £'000
LDI	794	1,004	794	1,004
Diversified growth fund	2,430	2,270	2,430	2,270
Cash	927	909	927	909
Alternatives	1,353	1,174	1,353	1,174
	<u>5,504</u>	<u>5,357</u>	<u>5,504</u>	<u>5,357</u>

#### 20 Share capital

	2021 Number	2020 Number	2021 £'000	2020 £'000
Ordinary share capital Issued and fully paid				
GS Ordinary shares of £1 each	<u>43,334</u>	<u>43,334</u>	<u>43</u>	<u>43</u>

#### 21 Reserves

##### Merger reserve

Represents the value above nominal value of shares issued during the group restructure.

##### Profit and loss account

Includes all current and prior periods retained profits and losses.

# SEDDON ENGINEERING HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 22 Contingent liabilities

Contingent liabilities exist at 31 December 2021 in respect of counter-indemnities to H M Revenue and Customs totalling £120k (2020: £120k).

A corporate guarantee of £1,039k (2020: £735k) has been granted to Edgefold Homes Limited, a company related by common directors, in respect of a bank loan.

The directors have confirmed that there are no other contingent liabilities at 31 December 2021 or 31 December 2020.

#### 23 Capital commitments

The directors have confirmed that there are no capital commitments at 31 December 2021 and 31 December 2020.

#### 24 Related party transactions

##### Transactions with related parties

As a wholly owned subsidiary of Edgefold Holdings Limited, the company is exempt from the requirements of FRS 102 section 33 from disclosing transactions with fellow group companies.

During the year the group entered into the following transactions with related parties (related as a result of common directorship) and joint ventures:

During a prior year a loan was provided by the company to Ascalon Properties Limited, a company related by way of being a joint venture. The loan is repayable within 3 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. The group continues to make a provision for an element of interest that they believe may not be recovered. The balance included at year end in debtors amounts to £77k (2020: £1,479k).

During a prior year a loan was provided by the company to Geohn Estates Limited, a company related by way of common directors. The loan is repayable on demand or on disposal of the property against 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 £3,852k (2020: £2,839k) and interest receivable during the year amounted to £78k (2020: £108k).

During a prior year an unsecured loan was provided by the company to Geohn Developments Limited, a company related by way of common directors. 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 year end amounts to £1,957k (2020: £nil) and interest receivable during the year amounted to £27k (2020: £53k).

During a prior year a loan was provided by the company to Edgefold Homes Limited, a company related by common directors. The loan is repayable on demand and is secured against the properties to which the loan relates. 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 £4,471k (2020: £3,115k) and interest receivable during the year amounted to £96k (2020: £94k).

During a prior year an unsecured shareholder loan was provided by the company to S D Primepoint, a company related by way of being a joint venture. The loan is interest free. The balance included in debtors at year end amounts to £2,169k (2020: £2,142k).

During a prior year a loan was provided by the company to Barns Lane Holdings Limited, a company related by way of being a joint venture. The loan is interest free. The balance included at year end in debtors amounts to £200k (2020: £200k).

# SEDDON ENGINEERING HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 25 Directors' transactions

During a prior year loans were made to a director. Interest was receivable on the loan during the year at a rate of 2% (2020: 2.25%) and amounted to £4k (2020: £12k). The maximum amount outstanding on the loan during the year was £198k (2020: £675k) and the amount repayable by the director at the year end amounted to £143k (2020: £204k).

### 26 Controlling party

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

### 27 Cash (absorbed by)/generated from group operations

	2021 £'000	2020 £'000
Profit for the year after tax	1,724	57
<b>Adjustments for:</b>		
Share of results of associates and joint ventures	(197)	(2)
Taxation charged/(credited)	272	(7)
Finance costs	14	52
Investment income	(341)	(342)
Gain on disposal of tangible fixed assets	(830)	(34)
Depreciation and impairment of tangible fixed assets	240	230
Pension scheme non-cash movement	(213)	18
<b>Movements in working capital:</b>		
(Increase)/decrease in stocks	(148)	743
(Increase)/decrease in debtors	(2,880)	1,160
Increase/(decrease) in creditors	1,211	(243)
<b>Cash (absorbed by)/generated from operations</b>	<b>(1,148)</b>	<b>1,632</b>

### 28 Analysis of changes in net funds - group

	1 January 2021 £'000	Cash flows £'000	31 December 2021 £'000
Cash at bank and in hand	7,405	(261)	7,144