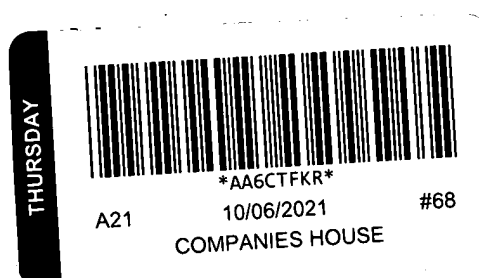


Company Registration No. 08461559 (England and Wales)

SEDDON ENGINEERING HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020



SEDDON ENGINEERING HOLDINGS LIMITED

COMPANY INFORMATION

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

SEDDON ENGINEERING HOLDINGS LIMITED

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SEDDON ENGINEERING HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

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

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 2020 was £17,263k (2019: £19,245k) generating a profit before tax of £50k (2019: £953k).

The balance sheet of the group is strong, comprising £24,276k (2019: £24,423k) of net assets, of which £7,405k (2019: £5,625k) is in cash.

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

	2020	2019	Measure
Gross profit %	11.9%	13.1%	Gross profit/turnover
Return on capital employed	0.2%	5.1%	Profit before tax/(shareholders funds plus net debt)

Turnover for the group has fallen by 10% from prior year. This is primarily due to a decline in turnover in the Plant and Engineering and Winget business'. The strategic plan to close 3 depots in the Plant and Engineering business to reduce overheads and retain a high % of sales, should show positive results in 2021. The 2020 decline in Winget turnover was certainly due to the business closure for 3 months of the year due to COVID uncertainties and the associated decline in business in the short term. Gross profit margins have been squeezed again due to the decline in Winget business during 2020. However, overhead savings in 2020 have substantially reduced the operating loss, so while investment returns for the Group reduced during the year a net profit before tax was still achieved.

Future review

The changes made during 2020 have resulted in a very positive start to 2021 for all businesses within the Group. Consolidation of our new structure should facilitate efficiencies and marketing opportunities within the trading businesses.

Investment continues to be made in property development through related companies and through its joint venture operations which should bring investment returns during 2021 and beyond.

SEDDON ENGINEERING HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

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 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 2020 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.

	Fixed £000	Interest rate		Total £000
		Floating £000	Zero £000	
Financial assets				
Cash	-	7,405	-	7,405
Trade debtors	-	-	2,775	2,775
Financial liabilities				
Trade creditors	-	-	1,624	1,624

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 referendum vote to leave the European Union still continues to introduce some uncertainty to the Group. However, these risks are being managed with the best information available. 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 2020

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 of 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.

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

7 May 2021

SEDDON ENGINEERING HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

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

Principal activities

The principal activity of the 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 9.

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 2020

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

7 May 2021

SEDDON ENGINEERING HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SEDDON ENGINEERING HOLDINGS LIMITED

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 2020 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 2020 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

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

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.

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 (Senior Statutory Auditor)
For and on behalf of Azets Audit Services

7 May 2021

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 2020

	Notes	2020 £'000	2019 £'000
Turnover	4	17,263	19,245
Cost of sales		(15,216)	(16,730)
Gross profit		2,047	2,515
Administrative expenses		(2,680)	(3,138)
Other operating income		469	6
Exceptional item	3	(78)	-
Operating loss	5	(242)	(617)
Share of results of associates and joint ventures		2	466
Interest receivable and similar income	8	342	1,175
Interest payable and similar expenses	9	(52)	(71)
Profit before taxation		50	953
Tax on profit	10	7	(183)
Profit for the financial year		57	770
Other comprehensive income			
Actuarial loss on defined benefit pension schemes		(252)	(335)
Tax relating to other comprehensive income		48	57
Total comprehensive income for the year		(147)	492

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 2020

	Notes	2020 £'000	£'000	2019 £'000	£'000
Fixed assets					
Tangible assets	12		3,096		3,198
Investments	13		57		83
			<u>3,153</u>		<u>3,281</u>
Current assets					
Stocks	16	3,348		4,091	
Debtors	17	13,830		14,929	
Cash at bank and in hand		7,405		5,625	
		<u>24,583</u>		<u>24,645</u>	
Creditors: amounts falling due within one year	18	(2,186)		(2,499)	
Net current assets			<u>22,397</u>		<u>22,146</u>
Total assets less current liabilities			<u>25,550</u>		<u>25,427</u>
Net assets excluding pension liability			<u>25,550</u>		<u>25,427</u>
Defined benefit pension liability	20		(1,274)		(1,004)
Net assets			<u><u>24,276</u></u>		<u><u>24,423</u></u>
Capital and reserves					
Called up share capital	21		43		43
Capital redemption reserve			35		35
Merger reserve			23,582		23,582
Profit and loss reserves			616		763
Total equity			<u><u>24,276</u></u>		<u><u>24,423</u></u>

The financial statements were approved by the board of directors and authorised for issue on 7 May 2021 and are signed on its behalf by:


S J Seddon
Director

SEDDON ENGINEERING HOLDINGS LIMITED


COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2020

	Notes	2020 £'000	2019 £'000
Fixed assets			
Tangible assets	12	60	5
Investments	13	31	31
		<u>91</u>	<u>36</u>
Current assets			
Debtors	17	11,360	12,689
Cash at bank and in hand		4,901	3,524
		<u>16,261</u>	<u>16,213</u>
Creditors: amounts falling due within one year	18	(737)	(876)
Net current assets		15,524	15,337
Total assets less current liabilities		<u>15,615</u>	<u>15,373</u>
Net assets excluding pension liability		15,615	15,373
Defined benefit pension liability	20	(1,274)	(1,004)
Net assets		<u>14,341</u>	<u>14,369</u>
Capital and reserves			
Called up share capital	21	43	43
Capital redemption reserve		35	35
Profit and loss reserves		14,263	14,291
Total equity		<u>14,341</u>	<u>14,369</u>

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 £176,368 (2019 - £962,429 profit).

The financial statements were approved by the board of directors and authorised for issue on 7 May 2021 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 2020

	Notes	Share capital £'000	Capital redemption reserve £'000	Merger relief reserve £'000	Profit and loss reserves £'000	Total £'000
Balance at 1 January 2019		43	35	23,582	571	24,231
Year ended 31 December 2019:						
Profit for the year		-	-	-	770	770
Other comprehensive income:						
Actuarial loss on defined benefit pension scheme		-	-	-	(335)	(335)
Deferred tax movements		-	-	-	57	57
Total comprehensive income for the year		-	-	-	492	492
Dividends	11	-	-	-	(300)	(300)
Balance at 31 December 2019		43	35	23,582	763	24,423
Year ended 31 December 2020:						
Profit for the year		-	-	-	57	57
Other comprehensive income:						
Actuarial loss on defined benefit pension scheme		-	-	-	(252)	(252)
Deferred tax movements		-	-	-	48	48
Total comprehensive income for the year		-	-	-	(147)	(147)
Balance at 31 December 2020		43	35	23,582	616	24,276

SEDDON ENGINEERING HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Share capital £'000	Capital redemption reserve £'000	Profit and loss reserves £'000	Total £'000
Balance at 1 January 2019		43	35	13,907	13,985
Year ended 31 December 2019:					
Profit for the year		-	-	962	962
Other comprehensive income:					
Actuarial loss on defined benefit pension scheme		-	-	(335)	(335)
Deferred tax movements		-	-	57	57
Total comprehensive income for the year		-	-	684	684
Dividends	11	-	-	(300)	(300)
Balance at 31 December 2019		43	35	14,291	14,369
Year ended 31 December 2020:					
Profit for the year		-	-	176	176
Other comprehensive income:					
Actuarial loss on defined benefit pension schemes		-	-	(252)	(252)
Deferred tax movements		-	-	48	48
Total comprehensive income for the year		-	-	(28)	(28)
Balance at 31 December 2020		43	35	14,263	14,341

SEDDON ENGINEERING HOLDINGS LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £'000	£'000	2019 £'000	£'000
Cash flows from operating activities					
Cash generated from operations	28		1,632		1,789
Interest paid			(18)		(32)
Corporation tax (paid)/refunded			(82)		51
Net cash inflow from operating activities			1,532		1,808
Investing activities					
Purchase of tangible fixed assets		(134)		(127)	
Proceeds on disposal of tangible fixed assets		40		39	
Interest received		342		1,175	
Dividends received from joint ventures		-		250	
Net cash generated from investing activities			248		1,337
Financing activities					
Dividends paid to equity shareholders		-		(300)	
Net cash used in financing activities			-		(300)
Net increase in cash and cash equivalents			1,780		2,845
Cash and cash equivalents at beginning of year			5,625		2,780
Cash and cash equivalents at end of year			7,405		5,625

SEDDON ENGINEERING HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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, 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 £.

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 2020. 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 2020

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.

In forming this assessment, the directors have fully considered the potential impact of Covid-19 on the group, its operations and its ability to continue to meet its obligations as they fall due.

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 2020

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 2020

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 2020

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 2020

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 2020

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 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

3 Exceptional item

	2020 £'000	2019 £'000
Expenditure		
Exceptional restructuring costs	78	-

SEDDON ENGINEERING HOLDINGS LIMITED

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

4 Turnover and other revenue

	2020 £'000	2019 £'000
Turnover analysed by class of business		
Sale of goods	16,747	18,611
Vehicle service sales	516	634
	<u>17,263</u>	<u>19,245</u>

	2020 £'000	2019 £'000
Turnover analysed by geographical market		
United Kingdom	16,303	18,260
Rest of Europe	521	431
Rest of the world	439	554
	<u>17,263</u>	<u>19,245</u>

5 Operating loss

	2020 £'000	2019 £'000
Operating loss for the year is stated after charging/(crediting):		
Government grants	(462)	-
Depreciation of owned tangible fixed assets	230	281
Fees payable to auditor for audit of the group	34	34
Other non-audit fees payable	14	13
	<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 2020 Number	2019 Number	Company 2020 Number	2019 Number
Manufacturing, workshop employees and drivers	33	35	-	-
Sales and distribution staff	17	26	-	-
Technical and administration staff	38	39	11	11
Total	<u>88</u>	<u>100</u>	<u>11</u>	<u>11</u>

SEDDON ENGINEERING HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

6 Employees

(Continued)

Their aggregate remuneration comprised:

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Wages and salaries	2,385	2,536	473	436
Social security costs	226	241	66	58
Pension costs	258	229	84	72
	<u>2,869</u>	<u>3,006</u>	<u>623</u>	<u>566</u>

£69k (2019: £89k) of group wages costs have been charged to production in cost of sales and are excluded from the above analysis.

7 Directors' remuneration

	2020	2019
	£'000	£'000
Remuneration for qualifying services	<u>163</u>	<u>165</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2019 - 1).

8 Interest receivable and similar income

	2020	2019
	£'000	£'000
Interest income		
Interest on bank deposits	6	7
Other interest income	336	1,168
Total income	<u>342</u>	<u>1,175</u>

9 Interest payable and similar expenses

	2020	2019
	£'000	£'000
Share of joint venture interest	34	39
Interest payable on other loans	-	10
Net interest on net defined benefit liability	18	22
Total finance costs	<u>52</u>	<u>71</u>

SEDDON ENGINEERING HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

10 Taxation

	2020 £'000	2019 £'000
Current tax		
UK corporation tax on profits for the current period	12	82
Adjustments in respect of prior periods	-	(1)
Group tax relief	-	(33)
Share of joint venture tax	(6)	81
	<u>6</u>	<u>129</u>
Deferred tax		
Origination and reversal of timing differences	(13)	54
	<u>(7)</u>	<u>183</u>
Total tax (credit)/charge	<u>(7)</u>	<u>183</u>

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

	2020 £'000	2019 £'000
Profit before taxation	<u>50</u>	<u>953</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	10	181
Tax effect of expenses that are not deductible in determining taxable profit	6	(81)
Adjustments in respect of prior years	-	(1)
Effect of change in corporation tax rate	(28)	(6)
Depreciation on assets not qualifying for tax allowances	11	11
Other movements	-	(2)
Share of joint venture tax	(6)	81
	<u>(7)</u>	<u>183</u>
Taxation (credit)/charge	<u>(7)</u>	<u>183</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:

	2020 £'000	2019 £'000
Deferred tax arising on:		
Actuarial differences recognised as other comprehensive income	<u>(48)</u>	<u>(57)</u>

SEDDON ENGINEERING HOLDINGS LIMITED

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

11 Dividends

	2020 £'000	2019 £'000
Equity dividends paid	-	300

12 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
Cost						
At 1 January 2020	3,185	503	109	662	710	5,169
Additions	-	-	-	20	114	134
Disposals	-	(83)	-	(17)	(160)	(260)
At 31 December 2020	3,185	420	109	665	664	5,043
Depreciation and impairment						
At 1 January 2020	287	464	102	568	550	1,971
Depreciation charged in the year	48	13	-	54	115	230
Eliminated in respect of disposals	-	(80)	-	(16)	(158)	(254)
At 31 December 2020	335	397	102	606	507	1,947
Carrying amount						
At 31 December 2020	2,850	23	7	59	157	3,096
At 31 December 2019	2,898	39	7	94	160	3,198

SEDDON ENGINEERING HOLDINGS LIMITED

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

12 Tangible fixed assets

(Continued)

Company	Motor vehicles £'000
Cost	
At 1 January 2020	84
Additions	68
Disposals	(84)
At 31 December 2020	68
Depreciation and impairment	
At 1 January 2020	79
Depreciation charged in the year	13
Eliminated in respect of disposals	(84)
At 31 December 2020	8
Carrying amount	
At 31 December 2020	60
At 31 December 2019	5

13 Fixed asset investments

	Notes	Group 2020 £'000	2019 £'000	Company 2020 £'000	2019 £'000
Investments in subsidiaries	14	-	-	31	31
Investments in joint ventures	15	57	83	-	-
		57	83	31	31

SEDDON ENGINEERING HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

13 Fixed asset investments

(Continued)

Movements in fixed asset investments Group

Shares in
group
undertakings
and
participating
interests
£'000

Cost or valuation

At 1 January 2020

83

Decrease in share of net assets

(26)

At 31 December 2020

57

Carrying amount

At 31 December 2020

57

At 31 December 2019

83

The share of net assets/(liabilities) in joint ventures is represented by gross assets of £1,883k (2019: £2,559k) and gross liabilities of £1,769k (2019: £2,394k).

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 £942k (2019: £1,280k), liabilities £885k (2019: £1,197k).

In addition a loss made by a joint venture of £53k (2019: £5k) has not been recognised as the directors do not believe that the group has a legal or constructive obligation in respect of this loss.

Movements in fixed asset investments Company

Shares in
group
undertakings
£'000

Cost or valuation

At 1 January 2020 and 31 December 2020

31

Carrying amount

At 31 December 2020

31

At 31 December 2019

31

SEDDON ENGINEERING HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

14 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

15 Joint ventures

Details of joint ventures at 31 December 2020 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%.

Barns Lane Holdings Limited was incorporated in the year and Seddon Engineering Holdings Limited owns 50% of the ordinary share capital.

16 Stocks

	Group 2020 £'000	2019 £'000	Company 2020 £'000	2019 £'000
Raw materials and consumables	743	1,014	-	-
Work in progress	124	173	-	-
Finished goods and goods for resale	2,481	2,904	-	-
	<u>3,348</u>	<u>4,091</u>	<u>-</u>	<u>-</u>

SEDDON ENGINEERING HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

17 Debtors

	Group 2020 £'000	2019 £'000	Company 2020 £'000	2019 £'000
Amounts falling due within one year:				
Trade debtors	2,775	2,257	2	2
Corporation tax recoverable	-	-	41	-
Amounts owed by group undertakings	251	352	852	702
Other debtors	4,045	9,960	4,031	9,925
Prepayments and accrued income	306	255	43	12
	<u>7,377</u>	<u>12,824</u>	<u>4,969</u>	<u>10,641</u>
Deferred tax asset (note 19)	299	238	237	181
	<u>7,676</u>	<u>13,062</u>	<u>5,206</u>	<u>10,822</u>
Amounts falling due after more than one year:				
Other debtors	<u>6,154</u>	<u>1,867</u>	<u>6,154</u>	<u>1,867</u>
Total debtors	<u>13,830</u>	<u>14,929</u>	<u>11,360</u>	<u>12,689</u>

Included within other debtors are amounts owed by joint ventures and associated undertakings of £9,979k (2019: £11,587k).

18 Creditors: amounts falling due within one year

	Group 2020 £'000	2019 £'000	Company 2020 £'000	2019 £'000
Trade creditors	1,624	1,884	33	5
Amounts owed to group undertakings	-	-	615	615
Corporation tax payable	13	83	-	122
Other taxation and social security	306	279	58	47
Other creditors	37	54	2	8
Accruals and deferred income	206	199	29	79
	<u>2,186</u>	<u>2,499</u>	<u>737</u>	<u>876</u>

Included within other creditors is an amount owed to joint ventures and associated undertakings of £2k (2019: £8k).

SEDDON ENGINEERING HOLDINGS LIMITED

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

19 Deferred taxation

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

	Assets 2020 £'000	Assets 2019 £'000
Group		
Accelerated capital allowances	57	64
Pension surplus	242	174
	<u>299</u>	<u>238</u>
	<u><u>299</u></u>	<u><u>238</u></u>
	Assets 2020 £'000	Assets 2019 £'000
Company		
Accelerated capital allowances	(5)	7
Pension surplus	242	174
	<u>237</u>	<u>181</u>
	<u><u>237</u></u>	<u><u>181</u></u>
	Group 2020 £'000	Company 2020 £'000
Movements in the year:		
Asset at 1 January 2020	(238)	(181)
Credit to profit or loss	(13)	(8)
Credit to other comprehensive income	(48)	(48)
	<u>(299)</u>	<u>(237)</u>
	<u><u>(299)</u></u>	<u><u>(237)</u></u>

20 Retirement benefit schemes

	2020 £'000	2019 £'000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	240	229
	<u>240</u>	<u>229</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 2020

20 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 2020 by Quantum Advisory, based on the full actuarial valuation of the fund at 30 June 2020, updated to 31 December 2020.

	2020	2019
	%	%
<i>Key assumptions</i>		
Discount rate	1.2	1.8
Expected rate of increase of pensions in payment	1.9	2.0
RPI price inflation	2.9	3.2
CPI price inflation	2.1	2.2
	=====	=====
<i>Mortality assumptions</i>	2020	2019
Assumed life expectations on retirement at age 65:	Years	Years
for individuals aged 65 now		
- Males	20.9	20.5
- Females	23.2	22.4
	=====	=====
for individuals retiring at 65, aged 45 now		
- Males	21.9	21.5
- Females	24.3	23.6
	=====	=====
<i>Amounts recognised in the profit and loss account</i>	2020	2019
	£'000	£'000
Net interest on net defined benefit liability/(asset)	18	22
Other costs and income	18	-
	=====	=====
Total costs	36	22
	=====	=====

SEDDON ENGINEERING HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

20 Retirement benefit schemes

(Continued)

	2020 £'000	2019 £'000
<i>Amounts taken to other comprehensive income</i>		
Actual return on scheme assets	(395)	(566)
Less: calculated interest element	92	124
Return on scheme assets excluding interest income	(303)	(442)
Actuarial changes related to obligations	555	777
Total costs	252	335

The cumulative amount of actuarial gains and losses recognised in the Statement of Comprehensive Income is £1,670k (2019: £1,418k).

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

	Group 2020 £'000	2019 £'000	Company 2020 £'000	2019 £'000
Present value of defined benefit obligations	6,631	6,309	6,631	6,309
Fair value of plan assets	(5,357)	(5,305)	(5,357)	(5,305)
Deficit in scheme	1,274	1,004	1,274	1,004

	Group 2020 £'000	Company 2020 £'000
<i>Movements in the present value of defined benefit obligations</i>		
Liabilities at 1 January 2020	6,309	6,309
Past service cost	18	18
Benefits paid	(361)	(361)
Actuarial gains and losses	555	555
Interest cost	110	110
At 31 December 2020	6,631	6,631

SEDDON ENGINEERING HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

20 Retirement benefit schemes

(Continued)

	Group 2020 £'000	Company 2020 £'000
<i>Movements in the fair value of plan assets</i>		
Fair value of assets at 1 January 2020	5,305	5,305
Interest income	92	92
Return on plan assets (excluding amounts included in net interest)	303	303
Benefits paid	(361)	(361)
Contributions by the employer	18	18
At 31 December 2020	<u>5,357</u>	<u>5,357</u>

Fair value of plan assets at the reporting period end

	Group 2020 £'000	2019 £'000	Company 2020 £'000	2019 £'000
LDI	1,004	895	1,004	895
Diversified growth fund	2,270	2,074	2,270	2,074
Cash	909	1,183	909	1,183
Alternatives	1,174	1,153	1,174	1,153
	<u>5,357</u>	<u>5,305</u>	<u>5,357</u>	<u>5,305</u>

21 Share capital

	2020 Number	2019 Number	2020 £'000	2019 £'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>

22 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 2020

23 Contingent liabilities

Contingent liabilities exist at 31 December 2020 in respect of counter-indemnities to H M Revenue and Customs totalling £120k (2019: £120k).

A corporate guarantee of £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 2020 or 31 December 2019.

24 Capital commitments

The directors have confirmed that there are no capital commitments at 31 December 2020 and 31 December 2019.

25 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, for which £69k (2019: £693k) has been reflected in the group accounts. 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 £1,479k (2019: £1,350k).

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 £2,839k (2019: £4,782k) and interest receivable during the year amounted to £108k (2019: £160k).

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 £nil (2019: £834k) and interest receivable during the year amounted to £53k (2019: £86k).

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 £3,115k (2019: £1,867k) and interest receivable during the year amounted to £94k (2019: £nil).

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 £2,142k (2019: £2,097k).

During the year a loan was provided by the company to Barns Lane Holdings Limited, a company related by way of being a joint venture. The balance included at year end in debtors amounts to £200k (2019: £nil).

SEDDON ENGINEERING HOLDINGS LIMITED

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

26 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 2.25% (2019: 2.5%) and amounted to £12k (2019: £21k). The maximum amount outstanding on the loan during the year was £675k (2019: £932k) and the amount repayable by the director at the year end amounted to £204k (2019: £657k).

27 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.

28 Cash generated from group operations

	2020 £'000	2019 £'000
Profit for the year after tax	57	770
Adjustments for:		
Share of results of associates and joint ventures	(2)	(466)
Taxation (credited)/charged	(7)	183
Finance costs	52	71
Investment income	(342)	(1,175)
Gain on disposal of tangible fixed assets	(34)	(20)
Depreciation and impairment of tangible fixed assets	230	281
Pension scheme non-cash movement	18	(378)
Movements in working capital:		
Decrease in stocks	743	127
Decrease in debtors	1,160	3,417
Decrease in creditors	(243)	(1,021)
Cash generated from operations	1,632	1,789

29 Analysis of changes in net funds - group

	1 January 2020 £'000	Cash flows £'000	31 December 2020 £'000
Cash at bank and in hand	5,625	1,780	7,405