
ENDCLIFFE HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

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ENDCLIFFE HOLDINGS LIMITED

COMPANY INFORMATION

Directors	R Barr L Buxton S Jonsson J Keeling-Heane M Wadsworth M Wheatley
Registered number	11591645
Registered office	Eland Road Denaby Main Doncaster South Yorkshire United Kingdom DN12 4HA
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor No 1 Whitehall Riverside Leeds West Yorkshire LS1 4BN
Bankers	Yorkshire Bank 1st Floor 94-96 Briggate Leeds LS1 6NP
Solicitors	Keebles LLP Commercial House 14 Commercial Street Sheffield S1 2AT

ENDCLIFFE HOLDINGS LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2020

Introduction

Endcliffe Holdings Limited (the "Company") is a privately owned company, domiciled and registered in England and Wales.

The Company is the parent company to Clytha Holdings Limited and to Senior Architectural Systems Limited (the "Group"). All three companies are domiciled and registered in England and Wales.

The directors present their Strategic Report for the year ended 30 June 2020.

Principal Activities

The principal activity of the Group is the design, manufacture and distribution of architectural aluminium systems, including powder coating and anodising to customer requirements.

Business review, objectives and strategy

COVID-19 had a significant impact on the financial performance of the Group during the final quarter of the year, with UK lockdown measures resulting in most customers closing immediately following the Government announcement on 23 March 2020. Prior to lockdown, on a like for like basis Turnover was broadly even allowing for the Brexit effect felt in the final calendar quarter of 2019.

Given the high degree of uncertainty arising from the COVID-19 lockdown, we acted very quickly in the following areas to wherever possible mitigate risk, but also to ensure we had a robust platform from which to build moving forwards:

- Although we continued to operate, we did so initially with around 30% of normal staffing levels and utilised the UK Government Coronavirus Job Retention Scheme to retain and subsidise the wages of furloughed staff.
- We looked at stock levels in conjunction with outstanding sales orders and following an assessment of supply chain capability, and in order to maximise cash availability, any non-essential / excess stock purchases were deferred along with any areas of discretionary spend.
- In order to maximise cash inflow, we maintained credit management disciplines and prioritised production activity towards customers who were open and able to commit to take and pay for materials.
- To ensure sufficient liquidity, and robustness of banking facilities, we modelled a number of scenarios looking out over the next few years. Assumptions ranged from further extensive lockdowns to modest year on year recovery.
- We kept all our stakeholders fully informed and involved. Based on our modelling, we refined the capital structure of the group to ensure that the group had the robustness and flexibility to deal with a range of future market conditions. The Capital Restructure for the Group was completed post-year end, including revision to some covenants, to give additional headroom to unwind the COVID impact in the final quarter of the next Financial Year.
- Targeted cost reductions made by year end, including some staff redundancies in non-production roles to ensure appropriate cost base moving forwards.

Considering the challenging economic and market conditions the directors are satisfied with the Group performance for the year ended 30 June 2020.

Whilst the future impact of COVID and Brexit is unknown, our own baseline projections assume an uptick in activity in the first quarter of the new financial year followed by an easing around the half year. We take some confidence from the fact that following working capital management improvements, already realised cost savings and contingency plans previously enacted we are as well positioned as we can be going into the new financial year and would anticipate a similar level of performance.

ENDCLIFFE HOLDINGS LIMITED

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ENDCLIFFE HOLDINGS LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

Credit risk

The Group offers credit terms to most of its customers. As such, effective management of credit is essential. To mitigate credit risk appropriate credit checks are performed on all customers with credit limits assigned to all customers. The Group also actively pursues debts falling due and manages debt and orders in accordance with credit limits using skilled and experienced resource.

Economic uncertainty

The COVID-19 outbreak is having significant impact across the world on human life and the global economy with unfortunate loss of life and much economic uncertainty, it is unclear what long-term economic impacts this will have and the impacts on people as individuals.

The Group has implemented a number of measures to mitigate risks and to protect employees, customer and suppliers. The Group continues to monitor the current situation and developments and will amend plans and measures as required.

Uncertainty does exist upon the cessation of the various Government support packages, an increase in bad debt risk is expected. The Group is confident that the cash reserves, finance availability and contingency planning are sufficient to navigate through these uncertain times.

In addition to COVID-19, the ongoing uncertainty linked to Brexit and the exact nature of the UK's exit agreement from the European Union causes continued uncertainty within the market in terms of short to medium term construction activity, future investment and the cost of logistics of imported goods.

The directors remain of the view that the impact of Brexit will be minimal as a result of risk mitigation activity undertaken by the business.

Extruded products can be sourced purely from UK suppliers if required, paired with the Group holding sufficient stock levels and having robust procurement procedures in place, which include sourcing some products from outside of the EU if required.

The business continues to monitor Brexit linked development to ensure that risk mitigation plans remain robust.

Key performance indicators

The directors focus on several key performance indicators to assess business performance, the KPIs applied focused on a broad area including the following:

- EBITDA
- Gross margin
- Cashflow performance
- Overhead levels
- Sales performance v budget and forecasts
- Working capital management

The directors also review non-financial performance indicators, including the measurement of employees' health & safety, and the Group's environmental impact and energy consumption.

ENDCLIFFE HOLDINGS LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

Whilst we have a strong product offering, the Group remains committed to innovation and product development and will be continuing with investment in these areas to continue to meet customer demands.

The Group objectives are:

- To continually improve product quality, delivery and performance
- To maintain and improve the well-being of employees
- To maximise operational efficiency
- To maximise financial returns
- To continue sustainable sales growth in key markets

The Group's strategy in the short term towards achieving these objectives is:

- To continually review our health, safety and environmental policies, procedures and performance and to make improvements identified
- To maintain strong relationships with customers, suppliers, contractors and all other stakeholders
- To continue to target expansion in the domestic market
- To maintain sales growth through geographical expansion into the South of England
- To seek to maximise cash generation to allow for reinvestment in Group assets where required, product development and continued innovation

Principal risks and uncertainties

The principal risks faced by the business are:

Health and Safety

We recognise that some of our operations have safety risk and with this in mind, the Group puts this at the top of its agenda. The Group mitigates risk by having strict health and safety procedures in place, continually reviewing practices and following best practice, supported by third party independent reviews and audits.

Exchange Rates

Aluminium is priced globally in US dollars. This generates risk for the business as a movement in the US dollar rate generates cost implications for the business. The Group mitigates such risks by dealing with a range of suppliers, forward purchasing aluminium, having strong relationships with key suppliers and by continually monitoring the currency position. Price adjustments are considered as required.

Commodity risk

The Group's main raw material is aluminium, and prices of aluminium can vary significantly based on demand and market conditions as well as exchange rates. The Group mitigates this risk through having a range of suppliers in the UK, Europe and Asia that can be used to mitigate any volume or price issues, the Group also always utilises purchasing power to ensure competitive pricing.

Environmental

The Group strives to achieve environmental best practice across its operations. To achieve this, policies, procedures and performance are kept under continuous review.

Plant reliability

Plant reliability is essential to the on-going and efficient operation of the business, as such, there is proactive, ongoing preventative maintenance performance by a skilled team of staff, along with continued investment in plant to help minimise down time and maximise operational efficiency.

ENDCLIFFE HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2020

The directors present their report and the financial statements for the year ended 30 June 2020.

Results and dividends

The loss for the year, after taxation, amounted to £3,109,680 (2019: loss £2,428,245).

There were no dividends declared in the year (2019: £Nil).

Directors

The directors who served during the year were:

R Barr
L Buxton
S Jonsson
J Keeling-Heane
M Wadsworth
M Wheatley

Directors' Responsibilities Statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

ENDCLIFFE HOLDINGS LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

Section 172 Statement

Under Section 172 of the Companies Act 2006, the Directors must promote the success of the company for the benefit of its members as a whole, and in doing so have regard to:

- the likely consequences of any decision in the long term,
- the interests of the company's employees,
- the need to foster the company's business relationships with suppliers, customers and others,
- the impact of the company's operations on the community and the environment,
- the desirability of the company maintaining a reputation for high standards of business conduct, and
- the need to act fairly as between members of the company.

The Directors consider the following areas of key importance in fulfilment of this duty:

Budgeting and planning

The Group maintains a Budget and 3 Year Strategic Plan designed to assess the long-term impact of decision making. These plans are derived from a wide range of employees and shared regularly with key stakeholders. Performance is assessed against these plans.

Engagement with Stakeholders

The Board, individually and collectively, maintain relationships and regular dialogue with employees, customers, suppliers, financiers and other stakeholder to promote open and honest relationships. The Group expects the highest ethical and professional standards from all persons acting on behalf of the Group.

Community

The Group takes every opportunity to interact with the local community. Recent activities include engagement with Spanish suppliers to promote Spanish language skills within the South Yorkshire community (ages 5-15). In addition, the Group sponsor local sports teams, engage in fundraising initiatives, provide Schools career talks and support a number of other local good causes.

Environmental

The Group always looks to adopt latest environmental initiatives relevant to our Industry. We have invested in the latest powder coating technology which has reduced our consumption by 15%. Our return to landfill has been reduced by 60%. We have a commercial fleet of Euro V Lorries and a company car fleet comprising all Electric and Hybrid vehicles with onsite charging facilities. We are also heading up the UK Aluminium closed loop recycling scheme.

Policies & Procedures

The Group operates a training matrix system and ensures that staff have the correct skills and knowledge to perform their roles. The Group also has strict health & safety policies which are continually reviewed and also audited by third parties.

This report was approved by the board on 8 December 2020 and signed on its behalf.



L Buxton
Director



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENDCLIFFE HOLDINGS LIMITED

Opinion

We have audited the financial statements of Endcliffe Holdings Limited (the 'Company') and its subsidiaries together, (the 'Group') for the year ended 30 June 2020, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated and Company Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 of the Company's affairs as at 30 June 2020 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 Group and 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.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Group's or the Company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the Group's or the Company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a Group and the Company associated with these particular events.

ENDCLIFFE HOLDINGS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020**

Going concern

The Group exited the year with a cash balance of £4.1m and with a Gross ID facility of £8m, of which £5.1m was available for drawdown, had a very healthy £9.2m of cash availability at year end.

As outlined in this report, the Group has fully assessed a number of scenarios and some significant downside variables, for the period to June 2023 and whilst recognising that there remains a high degree of Economic uncertainty moving forwards it would take a far more significant period of lockdown than previously experienced for the Group to be unable to meet its obligations or operate within agreed banking facilities.

Given the above, and having reviewed cash flow forecasts to June 2023, the directors do not believe that there are material uncertainties which cast significant doubt on the ability of the Group and company to continue as a going concern.

Subsequent events

Given the high degree of economic uncertainty arising from the COVID-19 pandemic, it was agreed to recapitalise and restructure the indebtedness owed by the Company. This capital restructure was completed on 18 September 2020. This involved the release of £4.4m of accrued loan note interest and a debt for equity swap converting £11.4m of loan note principal into Ordinary Share Capital.

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 8 December 2020 and signed on its behalf.



L Buxton
Director



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

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Group 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 Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the Group and the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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 Group's and the 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 Group or the Company or to cease operations, or have no realistic alternative but to do so.



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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

In our evaluation of the directors' conclusions, we considered the risks associated with the Group's or the Company's business model, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the Group's or the Company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this Auditor's Report is not a guarantee that the Group and the Company will continue in operation.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

ENDCLIFFE HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020**

		30 June 2020 £	9 months ended 30 June 2019 £
	Note		
Turnover	4	35,594,097	27,951,087
Cost of sales		(20,610,533)	(16,674,306)
Gross profit		14,983,564	11,276,781
Amortisation of goodwill	13	(2,601,966)	(1,810,683)
Administrative expenses		(12,107,265)	(8,484,246)
Exceptional administrative expenses	6	294,695	(738,069)
Other operating income	5	401,541	-
Operating profit	6	970,569	243,783
Interest receivable and similar income	10	20	410
Interest payable and expenses	11	(3,839,296)	(2,788,104)
Loss before taxation		(2,868,707)	(2,543,911)
Tax on loss	12	(240,973)	115,666
Loss for the financial period		(3,109,680)	(2,428,245)
Loss for the period attributable to:			
Owners of the parent Company		(3,109,680)	(2,428,245)
		(3,109,680)	(2,428,245)

There was no other comprehensive income for 2020 (2019: £Nil).

The above activities relate to continuing operations.

The notes on pages 19 to 40 form part of these financial statements.



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

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 for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Andrew Wood
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Leeds

8 December 2020

ENDCLIFFE HOLDINGS LIMITED
REGISTERED NUMBER:11591645

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	2020 £	2019 £
Fixed assets			
Investments	15	33,554,573	33,554,573
		<u>33,554,573</u>	<u>33,554,573</u>
Creditors: amounts falling due within one year	18	(5,137,412)	(3,113,057)
Net current liabilities		<u>(5,137,412)</u>	<u>(3,113,057)</u>
Total assets less current liabilities		<u>28,417,161</u>	<u>30,441,516</u>
Creditors: amounts falling due after more than one year	19	(35,005,675)	(33,709,522)
Net liabilities		<u>(6,588,514)</u>	<u>(3,268,006)</u>
Capital and reserves			
Called up share capital	22	10	10
Profit and loss account brought forward		(3,268,016)	-
Loss for the year		(3,320,508)	(3,268,016)
Profit and loss account carried forward		<u>(6,588,524)</u>	<u>(3,268,016)</u>
		<u>(6,588,514)</u>	<u>(3,268,006)</u>

The Company made a loss of £3,320,508 (2019: £3,268,016) for the year to 30 June 2020.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 8 December 2020.

L Buxton
 Director

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The notes on pages 19 to 40 form part of these financial statements.

ENDCLIFFE HOLDINGS LIMITED
REGISTERED NUMBER:11591645

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	13	21,607,014	24,208,980
Tangible assets	14	2,195,090	2,859,799
		<u>23,802,104</u>	<u>27,068,779</u>
Stocks	16	5,066,303	5,871,513
Debtors: amounts falling due within one year	17	7,403,868	11,560,232
Cash at bank and in hand		4,067,380	407,164
		<u>16,537,551</u>	<u>17,838,909</u>
Creditors: amounts falling due within one year	18	(10,812,313)	(13,516,392)
Net current assets		<u>5,725,238</u>	<u>4,322,517</u>
Total assets less current liabilities		<u>29,527,342</u>	<u>31,391,296</u>
Creditors: amounts falling due after more than one year	19	(35,005,675)	(33,709,522)
Provisions for liabilities			
Deferred taxation	21	(59,582)	(110,009)
		<u>(59,582)</u>	<u>(110,009)</u>
Net liabilities		<u>(5,537,915)</u>	<u>(2,428,235)</u>
Capital and reserves			
Called up share capital	22	10	10
Profit and loss account	23	(5,537,925)	(2,428,245)
		<u>(5,537,915)</u>	<u>(2,428,235)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 8 December 2020.



L Buxton
Director

The notes on pages 19 to 40 form part of these financial statements.

ENDCLIFFE HOLDINGS LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 July 2019	10	(3,268,016)	(3,268,006)
Comprehensive income for the year			
Loss for the year	-	(3,320,508)	(3,320,508)
At 30 June 2020	<u>10</u>	<u>(6,588,524)</u>	<u>(6,588,514)</u>

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
Comprehensive income for the period			
Loss for the period	-	(3,268,016)	(3,268,016)
Shares issued during the period	10	-	10
At 30 June 2019	<u>10</u>	<u>(3,268,016)</u>	<u>(3,268,006)</u>

The notes on pages 19 to 40 form part of these financial statements.

ENDCLIFFE HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 July 2019	10	(2,428,245)	(2,428,235)
Comprehensive income for the year			
Loss for the year	-	(3,109,680)	(3,109,680)
At 30 June 2020	10	(5,537,925)	(5,537,915)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Called up share capital	Profit and loss account	Total equity
	£	£	£
Comprehensive income for the period			
Loss for the period	-	(2,428,245)	(2,428,245)
Shares issued during the period	10	-	10
At 30 June 2019	10	(2,428,245)	(2,428,235)

The notes on pages 19 to 40 form part of these financial statements.

ENDCLIFFE HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020

	2020 £	2019 £
Cash flows from financing activities		
Issue of ordinary shares	-	10
New secured loans	-	2,000,000
Repayment of loans	(500,000)	(2,000,000)
Other new loans	-	16,000,000
Repayment of other loans	(470,940)	(5,000,000)
Movements on invoice discounting	(898,896)	(5,056,184)
Interest paid	(876,612)	(569,598)
Net cash used in financing activities	(2,746,448)	5,374,228
Net increase in cash and cash equivalents	3,660,216	407,164
Cash and cash equivalents at beginning of year	407,164	-
Cash and cash equivalents at the end of year	4,067,380	407,164
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	4,067,380	407,164
	4,067,380	407,164

The notes on pages 19 to 40 form part of these financial statements.

ENDCLIFFE HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	2020 £	2019 £
Cash flows from operating activities		
Loss for the financial year	(3,109,680)	(2,428,245)
Adjustments for:		
Amortisation of intangible assets	2,601,966	1,810,683
Depreciation of tangible assets	1,147,149	516,382
Profit on disposal of tangible assets	(62,062)	(44,824)
Interest paid	3,839,296	2,788,104
Interest received	(20)	(410)
Taxation charge	240,973	(115,666)
Decrease in stocks (net of tooling transfer to tangible assets)	805,210	423,335
Decrease in debtors	4,072,192	1,854,055
(Decrease)/increase in creditors	(2,523,502)	1,166,041
Corporation tax paid	(184,498)	(356,775)
Net cash generated from operating activities	6,827,024	5,612,680
Cash flows from investing activities		
Purchase of tangible fixed assets	(495,669)	(342,574)
Sale of tangible fixed assets	75,289	73,296
Purchase of fixed asset investments	-	(10,310,876)
Interest received	20	410
Net cash from investing activities	(420,360)	(10,579,744)

ENDCLIFFE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

1. General information

Endcliffe Holdings Limited is a private company limited by shares & incorporated in England and Wales. Its registered head office is located at Eland Road, Denaby Main, Doncaster, South Yorkshire, United Kingdom, DN12 4HA.

Its principal activity is that of a holding company.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements are presented in Sterling (£).

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries (the "Group") as if they form a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Going concern

The Group exited the year with a cash balance of £4.1m and with a Gross ID facility of £8m, of which £5.1m was available for drawdown, had a very healthy £9.2m of cash availability at year end.

As outlined in this report, the Group has fully assessed a number of scenarios and some significant downside variables, for the period to June 2023 and whilst recognising that there remains a high degree of Economic uncertainty moving forwards it would take a far more significant period of lockdown than previously experienced for the Group to be unable to meet its obligations or operate within agreed banking facilities.

Given the above, and having reviewed cash flow forecasts to June 2023, the directors do not believe that there are material uncertainties which cast significant doubt on the ability of the Group and company to continue as a going concern.

ENDCLIFFE HOLDINGS LIMITED

CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 30 JUNE 2020

	At 1 July 2019 £	Cash flows £	Non cash changes £	At 30 June 2020 £
Cash at bank and in hand	407,164	3,660,216	-	4,067,380
Debt due after 1 year	(33,709,522)	-	(1,296,153)	(35,005,675)
Debt due within 1 year	(2,626,750)	1,847,554	(2,543,145)	(3,322,341)
	<u>(35,929,108)</u>	<u>5,507,770</u>	<u>(3,839,298)</u>	<u>(34,260,636)</u>

The notes on pages 19 to 40 form part of these financial statements.

ENDCLIFFE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

2. Accounting policies (continued)

2.7 Interest income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

2.8 Finance costs

Finance costs are charged to the Consolidated Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.9 Borrowing costs

All borrowing costs are recognised in the Consolidated Statement of Comprehensive Income in the year in which they are incurred.

2.10 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which 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 Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Group's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated Statement of Comprehensive Income within 'other operating income'.

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.6 Government grants

Grants are accounted under the accruals model as permitted by FRS 102.

Grants of a revenue nature are recognised in the Statement of income and retained earnings in the same period as the related expenditure.

ENDCLIFFE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

2. Accounting policies (continued)**2.13 Intangible assets****Goodwill**

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated Statement of Comprehensive Income over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Goodwill	-	10 years
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2.14 Tangible fixed assets

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

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

The estimated useful lives range as follows:

Improvements to leasehold property	- Over the life of the lease
Plant and machinery	- Over 15 years
Motor vehicles	- Over 4 years
Fixtures and fittings	- Over 4 years
Computer equipment	- Over 5 years
Plant and machinery - Paint line	- Over 20 years
Plant and machinery - Tooling	- Over 4 years

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

2. Accounting policies (continued)

2.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.12 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

ENDCLIFFE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

2. Accounting policies (continued)**2.21 Financial instruments**

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Consolidated Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

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

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

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

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

ENDCLIFFE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

2. Accounting policies (continued)

2.15 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.16 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost of stock is based on a standard cost. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Consolidated Statement of Comprehensive Income.

2.17 Debtors

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

2.18 Cash and cash equivalents

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

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.19 Creditors

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

2.20 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated Statement of Comprehensive Income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

ENDCLIFFE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

6. Operating profit

The operating profit is stated after charging / (crediting):

	30 June 2020 £	<i>9 months ended 30 June 2019 £</i>
Hire of plant and machinery	369,767	242,785
Property rental	692,063	452,732
Research and development expenditure	234,217	209,813
Profit on disposal of fixed assets	(62,062)	(44,824)
Exchange differences	(41,046)	(14,359)
Amortisation of intangible assets, including goodwill	2,601,966	1,810,683
Depreciation of tangible fixed assets	1,147,149	516,382
Exceptional administrative expenses	<u>(294,695)</u>	<u>738,069</u>

Exceptional administrative income includes the proceeds from a Keyman insurance policy claim net of expenses related to restructuring costs from redundancies arising due to the Covid-19 pandemic (2019: Group costs incurred in the acquisition of Clytha Holdings Limited and its subsidiary and the associated restructuring costs).

7. Auditor's remuneration

	30 June 2020 £	<i>9 months ended 30 June 2019 £</i>
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	<u>31,000</u>	<u>34,000</u>
Fees payable to the Group's auditor and its associates in respect of:		
Audit-related assurance services	3,500	2,750
Taxation compliance services	7,050	6,750
Tax advisory services	19,000	34,825
	<u>29,550</u>	<u>44,325</u>

The Company has entered into a liability limitation agreement with Grant Thornton UK LLP, the statutory auditors, in respect of the statutory audit for the year ended 30 June 2020. The proportionate liability agreement follows the standard terms in Appendix B to the Financial Reporting Council's June 2008 Guidance on Auditors Liability Agreements, and was approved by the shareholders on 20 July 2020.

ENDCLIFFE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Impairment of debtors

The Group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management consider factors including the current credit rating of the debtor, the ageing profile and the historical experience of the debtor.

Useful economic life of tangible fixed assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful lives and residual values. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates based on future investments, economic utilisation and the physical condition of the assets.

Impairment of stock

The Group makes an estimate of the recoverable value of stocks. When calculating the stock provision, management considers the nature and condition of the inventory as well as applying assumptions around anticipated saleability of finished goods and any future use of raw materials.

Impairment of investments

The Group considers the impairment of investments held based on the expected future income of the investments. Where the future income is expected to be below the carrying value of the investment an impairment charge is recognised.

4. Turnover

	30 June 2020 £	9 months ended 30 June 2019 £
United Kingdom	35,169,994	27,610,840
Rest of Europe	424,103	340,247
	<u>35,594,097</u>	<u>27,951,087</u>

5. Other operating income

	30 June 2020 £	9 months ended 30 June 2019 £
Governments grants - Coronavirus Job Retention Scheme	401,541	-

ENDCLIFFE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

9. Directors' remuneration

	30 June 2020 £	<i>9 months ended 30 June 2019 £</i>
Directors' emoluments	642,873	590,337
Company contributions to defined contribution pension schemes	43,197	32,227
	686,070	622,564

During the year retirement benefits were accruing to 4 directors (2019: 5) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £145,746 (2019: £138,580).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £12,343 (2019: £9,078).

10. Interest receivable

	30 June 2020 £	<i>9 months ended 30 June 2019 £</i>
Other interest receivable	20	410

11. Interest payable and similar expenses

	30 June 2020 £	<i>9 months ended 30 June 2019 £</i>
Bank interest payable	1,536,906	1,156,878
Other loan interest payable	2,302,390	1,631,226
	3,839,296	2,788,104

ENDCLIFFE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

8. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2020 £	<i>Group 2019 £</i>	Company 2020 £	<i>Company 2019 £</i>
Wages and salaries	5,060,957	3,230,084	-	-
Social security costs	468,452	467,654	-	-
Cost of defined contribution scheme	212,918	92,322	-	-
	5,742,327	3,790,060	-	-

No employees were remunerated through the parent Company in the year (2019: Nil).

The average monthly number of employees, including the directors, during the year/period was as follows:

	30 June 2020 No.	<i>9 months ended 30 June 2019 No.</i>
Administration	80	73
Warehouse and distribution	102	99
	182	172

ENDCLIFFE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

12. Taxation (continued)

Factors affecting tax charge for the year/period

The tax assessed for the year/period is higher than (2019: *higher than*) the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	30 June 2020 £	9 months ended 30 June 2019 £
Loss on ordinary activities before tax	(2,868,707)	(2,543,911)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	(545,054)	(483,343)
Effects of:		
Fixed asset permanent differences	10,066	-
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	699,526	370,337
Adjustments in respect of previous periods	(94,225)	-
Other permanent differences	31	-
Non-taxable income	-	(2,660)
Deferred tax not recognised	168,916	-
Remeasurement of deferred tax for changes in tax rates	1,713	-
Total tax charge for the year/period	240,973	(115,666)

ENDCLIFFE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

12. Taxation

	30 June 2020 £	9 months ended 30 June 2019 £
Corporation tax		
Current tax on profits for the year	385,625	(115,666)
Adjustments in respect of previous periods	(94,225)	-
Total current tax	291,400	(115,666)
Deferred tax		
Origination and reversal of timing differences	(50,427)	-
Total deferred tax	(50,427)	-
Taxation on profit/(loss) on ordinary activities	240,973	(115,666)

ENDCLIFFE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

14. Tangible fixed assets**Group**

	Leasehold improvements £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost						
At 1 July 2019	697,657	5,057,067	1,141,971	1,516,172	1,751,628	10,164,495
Additions	-	370,810	11,636	47,272	65,951	495,669
Disposals	-	(5,662)	(309,261)	(19,898)	(22,842)	(357,663)
At 30 June 2020	697,657	5,422,215	844,346	1,543,546	1,794,737	10,302,501
Depreciation						
At 1 July 2019	598,497	3,162,511	776,087	1,240,960	1,526,641	7,304,696
Charge for the year	25,406	719,661	169,191	131,253	101,638	1,147,149
Disposals	-	(5,662)	(299,807)	(19,898)	(19,067)	(344,434)
At 30 June 2020	623,903	3,876,510	645,471	1,352,315	1,609,212	8,107,411
Net book value						
At 30 June 2020	73,754	1,545,705	198,875	191,231	185,525	2,195,090
At 30 June 2019	99,160	1,894,556	365,884	275,212	224,987	2,859,799

ENDCLIFFE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

13. Intangible assets

Group

	Goodwill £
Cost	
At 1 July 2019	26,019,663
At 30 June 2020	26,019,663
Amortisation	
At 1 July 2019	1,810,683
Charge for the year	2,601,966
At 30 June 2020	4,412,649
Net book value	
At 30 June 2020	21,607,014
At 30 June 2019	24,208,980

ENDCLIFFE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

16. Stocks

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Raw materials and consumables	1,232,564	962,278	-	-
Work in progress	2,087	2,087	-	-
Finished goods and goods for resale	3,831,652	4,907,148	-	-
	<u>5,066,303</u>	<u>5,871,513</u>	<u>-</u>	<u>-</u>

An impairment loss of £108,268 (2019: £102,818) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

17. Debtors

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Trade debtors	6,616,511	10,775,694	-	-
Other debtors	787,357	700,366	-	-
Tax recoverable	-	84,172	-	-
	<u>7,403,868</u>	<u>11,560,232</u>	<u>-</u>	<u>-</u>

At the year end there was a provision against trade debtors of £876,898 (2019: £286,074).

ENDCLIFFE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

15. Fixed asset investments**Company**

	Investments in subsidiary companies £
Cost or valuation	
At 1 July 2019	33,554,573
At 30 June 2020	33,554,573
Net book value	
At 30 June 2020	33,554,573
At 30 June 2019	33,554,573

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Principal activity	Class of shares	Holding
Clytha Holdings Limited	Holding company	Ordinary	100%
Senior Architectural Systems Limited	Specialist aluminium stockholders	Ordinary	100%

The registered office of the above subsidiaries are the same as that on the Company information page.

The aggregate of the share capital and reserves as at 30 June 2020 and the profit or loss for the year ended on that date for the subsidiary undertakings was as follows:

Name	Aggregate of share capital and reserves £	Profit/(Loss) £
Clytha Holdings Limited	319,517	(8,263)
Senior Architectural Systems Limited	12,728,641	2,821,057

ENDCLIFFE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**19. Creditors: Amounts falling due after more than one year**

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Bank loans	11,650,125	11,465,646	11,650,125	11,465,646
Other loans	23,355,550	22,243,876	23,355,550	22,243,876
	35,005,675	33,709,522	35,005,675	33,709,522

The aggregate amount of liabilities repayable wholly or in part more than five years after the Statement of Financial Position date is:

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Repayable other than by instalments	-	33,709,522	-	33,709,522

Bank loans are fully repayable after 5 years (Oct 2023) and bears cash interest at a rate of 6% + LIBOR, which is payable quarterly in arrears. Additionally, capital interest at a rate of 6% annually is charged and capitalised to the outstanding principal balance on a quarterly basis. Bank loans are secured by Debenture over the assets of the Group.

Other loans are fully repayable after 6 years (Oct 2024) with cash interest of 3% paid after 12 months for the first year, and quarterly in arrears thereafter. An additional 7% interest is charged annually to be paid on redemption of the loans. Other loans are secured by Debenture and rank behind Senior Debt.

20. Loans

The repayment of loans is as follows:

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Amounts falling due within one year				
Bank loans	149,002	144,127	149,002	144,127
Other loans	3,173,339	2,482,623	3,173,339	2,482,623
Amounts falling due 2-5 years				
Bank loans	11,650,125	11,465,646	11,650,125	11,465,646
Other loans	23,355,550	-	23,355,550	-
Amounts falling due after more than 5 years				
Other loans	-	22,243,876	-	22,243,876
	38,328,016	36,336,272	38,328,016	36,336,272

ENDCLIFFE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

18. Creditors: Amounts falling due within one year

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Invoice discounting facility	-	898,896	-	-
Bank loans	149,002	144,127	149,002	144,127
Other loans	3,173,339	2,482,623	3,173,339	2,482,623
Trade creditors	4,395,367	7,282,107	-	-
Corporation tax	22,730	-	-	-
Amounts owed to Group undertakings	-	-	1,792,732	486,307
Other taxation and social security	1,419,773	904,777	-	-
Other creditors	106,869	132,207	-	-
Accruals and deferred income	1,545,233	1,671,655	22,339	-
	10,812,313	13,516,392	5,137,412	3,113,057

The invoice discounting facility commenced in December 2018 with an initial period of 12 months with a rate of interest at 2% above the Bank of England base rate with Yorkshire Bank. It is then cancellable by either party giving 3 months notice. It is secured against the trade debtor balances of the Group.

Amounts owed to Group undertakings are unsecured, interest free and repayable on demand.

ENDCLIFFE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

24. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £212,918 (2019: 92,322). Contributions totaling £29,302 (2019: £43,493) were payable to the fund at the reporting date and are included in creditors.

25. Commitments under operating leases

At 30 June 2020 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2020 £	<i>Group 2019 £</i>
Land and Buildings		
Not later than 1 year	639,151	639,151
Later than 1 year and not later than 5 years	1,679,613	1,912,249
Later than 5 years	2,451,094	2,842,670
	<u>4,769,858</u>	<u>5,394,070</u>
	Group 2020 £	<i>Group 2019 £</i>
Other		
Not later than 1 year	369,767	324,755
Later than 1 year and not later than 5 years	757,556	887,067
Later than 5 years	75,380	199,656
	<u>1,202,703</u>	<u>1,411,478</u>

26. Related party transactions

During the year, the Company has transacted with subsidiaries which are wholly controlled by Endcliffe Holdings Limited and which form part of the consolidated Group.

An exemption from disclosing related party transactions with wholly owned Group entities has been claimed under FRS 102.331A.

The directors consider that key management personnel and the directors are the same, as such no disclosure regarding key management personnel remuneration has been made.

Amounts due to members of key management personnel are £26,528,889 (2019: 24,726,499).

ENDCLIFFE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
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21. Deferred taxation

Group

	2020 £	2019 £
At beginning of year	(110,009)	-
Charged to profit and loss	50,427	-
Arising on business combinations	-	(110,009)
At end of year	(59,582)	(110,009)

The provision for deferred taxation is made up as follows:

	Group 2020 £	Group 2019 £
Accelerated capital allowances	(62,827)	(114,137)
Other timing differences	2,748	3,682
Tax losses carried forward	497	446
	(59,582)	(110,009)

22. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
2,490 (2019: 2,490) A Ordinary shares of £0.001 each	2.49	2.49
5,869 (2019: 5,870) B Ordinary shares of £0.001 each	5.87	5.87
1,261 (2019: 1,260) C Ordinary shares of £0.001 each	1.26	1.26
380 (2019: 380) D Ordinary shares of £0.001 each	0.38	0.38
	10.00	10.00

23. Reserves

Profit and loss account

Includes all current & prior periods retained profits & losses.

ENDCLIFFE HOLDINGS LIMITED

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FOR THE YEAR ENDED 30 JUNE 2020**

27. Subsequent events

Given the high degree of economic uncertainty arising from the COVID-19 pandemic, it was agreed to recapitalise and restructure the indebtedness owed by the Company. This capital restructure was completed on 18 September 2020. This involved the release of £4.4m of accrued loan note interest and a debt for equity swap converting £11.4m of loan note principal into Ordinary Share Capital.

28. Controlling party

Endcliffe Holdings Limited has no ultimate controlling party and no individual shareholder holds more than 50% of the share capital.