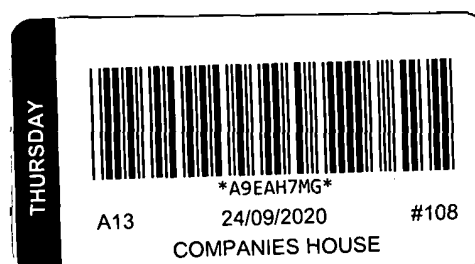


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**JAMES NEILL HOLDINGS LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2019**



# **JAMES NEILL HOLDINGS LIMITED**

## **COMPANY INFORMATION**

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<b>Directors</b>	S Hsu A Shone
<b>Company secretary</b>	J M Dallman (resigned 31 December 2019) D M George (appointed 01 January 2020)
<b>Registered number</b>	00144973
<b>Registered office</b>	Atlas Way Atlas North Sheffield S4 7QQ
<b>Independent auditor</b>	BDO LLP Central Square 29 Wellington Street Leeds LS1 4DL

# **JAMES NEILL HOLDINGS LIMITED**

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**JAMES NEILL HOLDINGS LIMITED**

**STRATEGIC REPORT**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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**Introduction**

James Neill Holdings Limited is a private company, limited by shares, domiciled in England and Wales, registration number 00144973. The registered office is Atlas Way, Atlas North, Sheffield, S4 7QQ.

**Business model and strategy**

The Company acts principally as an industrial holding company providing management services to the Spear & Jackson group of companies. The level of activity in the current period was satisfactory.

**Financial review**

The operating loss for the year was £1,442,000 (2018 – profit of £3,801,000). After charging net interest and crediting taxation, the loss for the financial year amounted to £2,375,000 (2018 – profit of £1,904,000 after charging net interest and charging taxation). The operating profit for the year includes a one-off prior service cost of £2,242,000 in relation to the Company's retirement benefit obligation (2018 - prior service credit of £2,715,000).

The directors do not recommend the payment of a dividend (2018 - £nil).

Despite the satisfactory result for the year, the Company has negative reserves. The Company is the Principal Employer of the James Neill Pension Plan, and as such recognises the defined benefit pension liability in its financial statements. The deficit position is a function of the actuarial valuation of the Plan liabilities and is not a reflection of the Company's underlying trading operations.

**Principal risks and uncertainties**

The directors believe that the key risks facing the Company include, without limitation:

- unfavourable exchange movements;
- attracting and retaining suitably experienced employees in a highly competitive labour market; and
- volatility in investment returns and actuarial assumptions which can significantly affect the defined benefit pension plan deficit for which the Company is the principal employer, impacting on future funding requirements.

Health and safety, environmental and related issues are becoming an increasing risk to all companies. The Company mitigates risk by a combination of contractual consultancy advice, insurance and the adoption of appropriate working practices.

The Company uses financial instruments, other than derivatives, comprising other items such as inter-company balances and other liabilities that arise directly from its operations. The main purpose of these financial instruments is to finance the company's operations. The main risks arising from the Company's financial instruments are interest rate risk, liquidity risk and foreign currency risk. The directors review and agree policies for managing these risks as summarised below. The policies have remained unchanged from previous periods.

*Liquidity risk*

The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Primarily, this is achieved through utilisation of a pooled banking arrangement and asset-backed lending facilities within Spear & Jackson Group Limited and its UK subsidiary undertakings.

**JAMES NEILL HOLDINGS LIMITED**

**STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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**Principal risks and uncertainties (continued)**

The Company uses financial instruments, other than derivatives, comprising other items such as inter-company balances and other liabilities that arise directly from its operations. The main purpose of these financial instruments is to finance the company's operations. The main risks arising from the Company's financial instruments are interest rate risk, liquidity risk and foreign currency risk. The directors review and agree policies for managing these risks as summarised below. The policies have remained unchanged from previous periods.

*Interest rate risk*

The Company finances its operations through a mixture of retained profits, inter-company accounts and bank borrowings. The Company's exposure to interest rate fluctuations on its borrowings is managed on a group basis by the use of both fixed and floating facilities.

*Foreign exchange risk*

The Company is exposed to transaction and translation foreign exchange risk. Transaction exposures are hedged, when known.

**Brexit**

The UK left the European Union ("EU") on 31 January 2020 and is now in the transition period for the negotiation of the additional arrangements which expires on 31 December 2020. The terms of the future relationship between the UK and the EU are unknown.

The Company and the wider Spear & Jackson Group has engaged in planning since the result of the referendum was announced, including internal management reviews of the challenges and dialogue with customers and suppliers, along with consultation with professional advisors. Although the Group believes the risks from Brexit are manageable in the medium-term, the short-term challenges from the uncertainty remain.

The current uncertainty over the nature of the trading relationship following the end of the transition period could be significant in terms of the Group's overall profitability. The financial results may be impacted by the macroeconomic instability arising from the introduction of tariffs and other barriers to trade, such as a depressed UK economy or a substantial depreciation in Sterling. In such a scenario, there may be a reduction in the Group's turnover and operating profits. However, there is also potential for increased customer demand where devalued Sterling leads to reduced costs for overseas customers in their local currency. It is also likely that a depreciation in Sterling would lead to stronger inflation in supplier costs for the Group, which would need to be managed robustly to maintain gross margins.

The Group is both an importer and exporter of goods with the EU. A prolonged disruption at the UK's borders has the potential to impact the ability to deliver to customers, as well as the supply chain of the Group's UK businesses. However, the Group has maintained a strong depth of stock and has proactively begun to build stock levels in order to mitigate the impact on activities from a significant disruption in cross border trade.

**JAMES NEILL HOLDINGS LIMITED**  
**STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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**Covid-19 and Going Concern**

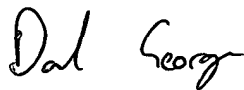
Spear & Jackson Group Limited ("the Group"), the Company's ultimate UK parent undertaking, has witnessed a significant decline in trading activity as a direct result of the Covid -19 pandemic. Precautionary measures imposed by individual countries to contain the spreading of Covid-19 have meant that some of the Group's business segments, principally Precision Measurement and Magnetic Technologies, where some of their end-users are automotive, aerospace and oil and gas based, have been operating at reduced capacity since March 2020. In other areas, where the end-users are food-processing related, there has been sustained demand throughout the global pandemic. For the Group's Tools business, after an initial brief slow-down, having hardware and gardening tools designated as essential business in the United Kingdom, France and Australia and higher volume sales to on-line rather than traditional bricks and mortar retailers, the Group has seen strong demand for its products throughout April 2020 to August 2020.

As individual countries begin to ease their precautionary measures, the Group is witnessing some increase in revenue levels and order activity in these two principal business segments. However, forecast results for the year ended 30 September 2020 year show significant decreases the Group's in revenue and profit before tax compared to the position for the year ended 30 September 2019.

Throughout the Covid-19 pandemic, the Group's trading entities have continued to respond to customer demand, within the constraints of any local geographical restrictions. Management has taken decisive proactive action to protect the welfare of its employees while maintaining operations. Appropriate measures have been taken to reduce costs and manage immediate cash flows, including accessing Government worker retention schemes, where applicable, and coming to arrangements with certain stakeholders to defer payments.

As a result of the Group's overall decline in business activity, the Company's membership of that Group and the Company's inclusion within the Group's UK banking facilities, attention is drawn, in these financial statements to the impact of Covid-19 on going concern. Further information is disclosed in note 1 to the financial statements.

This report was approved by the board on *22 September 2020* and signed on its behalf.



**D M George**  
Secretary

**JAMES NEILL HOLDINGS LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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The directors present their report and the financial statements for the year ended 30 September 2019.

**Directors**

The directors who served during the year were:

S Hsu  
A Shone

**Likely future developments in the business of the Company**

Information on likely future developments in the business of the company has been included in the Strategic Report on page 1.

**Existence of branches of the Company outside of the United Kingdom**

The Company has no branches outside of the United Kingdom.

**Qualifying third party indemnity provisions**

The Company has put in place qualifying third party indemnity provisions for all of the directors of James Neill Holdings Limited.

**Going Concern**

In adopting the going concern basis for preparing the financial statements, the Directors have considered the business activities of Spear & Jackson Group Limited ("The Group"), the Company's ultimate UK parent undertaking as well as the Group's principal risks and uncertainties in addition to the business activities of the Company as an individual entity. Based on the Group's cash flow forecasts and projections, the Directors are satisfied that the Company will be able to operate within the level of its facilities for the foreseeable future. For this reason, the Company adopts the going concern basis in preparing its financial statements. For further details on how the Covid-19 pandemic has affected the Company's going concern assessment, see the Strategic Report as well as note 1 of the financial statements.

**Dividends**

Information on dividends has been included in the Strategic Report on page 1.

**Disclosure of information to auditor**

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**Auditor**

The auditor, BDO LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

**JAMES NEILL HOLDINGS LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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This report was approved by the board on *22 September 2020* and signed on its behalf.

*Dad George*

**D M George**  
Secretary



## **JAMES NEILL HOLDINGS LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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The directors are responsible for preparing the Strategic Report, the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments 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 Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **JAMES NEILL HOLDINGS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JAMES NEILL HOLDINGS LIMITED**

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#### **Opinion**

We have audited the financial statements of James Neill Holdings Limited (the 'Company') for the year ended 30 September 2019, which comprise the Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, 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 Company's affairs as at 30 September 2019 and of its 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 Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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.

#### **Material uncertainty related to going concern**

We draw attention to note 1 in the financial statements which indicates that the Company has been impacted by Covid-19 and if certain revenue downside scenarios occur additional facilities may be required. As stated in note 1 these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### **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.

## **JAMES NEILL HOLDINGS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JAMES NEILL HOLDINGS LIMITED (CONTINUED)**

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#### **Opinion 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 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 Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 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 for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's Report.

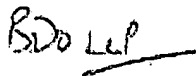
**JAMES NEILL HOLDINGS LIMITED**

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

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**Use of our report**

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

BDO LLP

Paul Davies (Senior Statutory Auditor)

for and on behalf of

**BDO LLP**

Statutory Auditor

Leeds, United Kingdom

Date: 22 September 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

**JAMES NEILL HOLDINGS LIMITED**

**INCOME STATEMENT**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2019**

	Note	2019 £000	2018 £000
Turnover		599	609
Other operating income		415	416
Administrative expenses/(credit)		(2,456)	2,667
Restructuring credit		-	109
<b>Operating (loss)/profit</b>	4	<b>(1,442)</b>	<b>3,801</b>
Interest receivable and similar income		35	7
Interest payable and similar expenses	7	(157)	(172)
Other finance costs	8	(1,034)	(1,112)
<b>(Loss)/profit before tax</b>		<b>(2,598)</b>	<b>2,524</b>
Tax on (loss)/profit	9	223	(620)
<b>(Loss)/profit for the year</b>		<b>(2,375)</b>	<b>1,904</b>

The notes on pages 14 to 39 form part of these financial statements.

All the above activities arose from continuing operations.

**JAMES NEILL HOLDINGS LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

	Note	2019 £000	2018 £000
(Loss)/profit for the financial year		(2,375)	1,904
<b>Other comprehensive income</b>			
Actuarial (loss)/gain on defined benefit schemes	16	(5,891)	4,780
Taxation on actuarial (loss)/gain on retirement benefit obligation	16	1,001	(813)
<b>Other comprehensive income for the year</b>		(4,890)	3,967
<b>Total comprehensive income for the year</b>		(7,265)	5,871

The notes on pages 14 to 39 form part of these financial statements.

**JAMES NEILL HOLDINGS LIMITED**  
**REGISTERED NUMBER:00144973**

**BALANCE SHEET**  
**AS AT 30 SEPTEMBER 2019**

	Note	2019 £000	2019 £000	2018 £000	2018 £000
<b>Fixed assets</b>					
Tangible assets	10		4,266		3,924
Investments	11		6,271		6,419
			<u>10,537</u>		<u>10,343</u>
<b>Current assets</b>					
Debtors	12	15,235		12,364	
Cash at bank and in hand		1		1,759	
		<u>15,236</u>		<u>14,123</u>	
Creditors: amounts falling due within one year	14	(19,760)		(18,322)	
<b>Net current liabilities</b>			<u>(4,524)</u>		<u>(4,199)</u>
<b>Total assets less current liabilities</b>			<u>6,013</u>		<u>6,144</u>
Pension liability	16		(41,694)		(34,560)
<b>Net liabilities</b>			<u>(35,681)</u>		<u>(28,416)</u>
<b>Capital and reserves</b>					
Called up share capital	18		-		-
Revaluation reserve			3,144		3,144
Other reserves			(107)		(107)
Profit and loss account			(38,718)		(31,453)
			<u>(35,681)</u>		<u>(28,416)</u>

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

*A Shone*

**A Shone**  
Director

The notes on pages 14 to 39 form part of these financial statements.

**JAMES NEILL HOLDINGS LIMITED**

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

	Revaluation reserve £000	Other reserves £000	Profit and loss account £000	Total equity £000
<b>At 1 October 2017</b>	<b>3,144</b>	<b>(107)</b>	<b>(37,324)</b>	<b>(34,287)</b>
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	1,904	1,904
Actuarial gains on pension scheme	-	-	4,780	4,780
Taxation on actuarial gains on pension scheme	-	-	(813)	(813)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>5,871</b>	<b>5,871</b>
<b>At 1 October 2018</b>	<b>3,144</b>	<b>(107)</b>	<b>(31,453)</b>	<b>(28,416)</b>
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(2,375)	(2,375)
Actuarial losses on pension scheme	-	-	(5,891)	(5,891)
Taxation on actuarial loss on pension scheme	-	-	1,001	1,001
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>(7,265)</b>	<b>(7,265)</b>
<b>At 30 September 2019</b>	<b>3,144</b>	<b>(107)</b>	<b>(38,718)</b>	<b>(35,681)</b>

The notes on pages 14 to 39 form part of these financial statements.



## **JAMES NEILL HOLDINGS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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#### **1. Accounting policies**

James Neill Holdings Limited is a company incorporated in England & Wales under the Companies Act. The address of the registered office is given on the company information page and the nature of the Company's operations and its principal activities are set out in the Strategic Report. The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland. There were no material departures from that standard.

The financial statements have been prepared on a historical cost basis.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying accounting policies (see note 2).

The presentation currency is Pounds Sterling, rounded to the nearest thousand Pounds.

#### **Exemption from preparing consolidated financial statements**

As at 30 September 2019, the Company was a 100% subsidiary of Spear & Jackson Group Limited, a company incorporated in England. Spear & Jackson Group Limited prepares its financial statements in accordance with International Financial Reporting Standards and, as such, the Company is entitled to the exemption from the requirement to prepare consolidated financial statements provided under the Section 400 of the Companies Act 2006. These financial statements therefore contain information about James Neill Holdings Limited as an individual company, and not about its group.

#### **Exemption from presenting a statement of cashflows**

The directors have taken advantage of the exemption in FRS 102 section 1.12 from including a Statement of Cash Flows in the financial statements on the grounds that, at 30 September 2019, the Company was wholly owned and its ultimate United Kingdom parent published a consolidated cash flow statement.

The following principal accounting policies have been applied:

## **JAMES NEILL HOLDINGS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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#### **1. Accounting policies (continued)**

##### **Going concern**

Directors have prepared forecasts for the period to September 2021 based upon a best-estimate scenarios which have then been sensitised to incorporate the potential impact of a further reduction in revenue. Prior to the Covid-19 pandemic, Directors had evaluated ongoing forecasts and had concluded that adequate financial resources were available to ensure that the Company would meet its obligations for a twelve-month period with reasonable certainty.

Directors have considered the available cash resources of Spear & Jackson Group Limited ("the Group"), and the Company and their current forecasts. These monthly forecasts show that an adequate month end headroom regarding the cash position is maintained. However within each month the Group has significant fluctuations in cash requirements due to specific timings of payments making the headroom smaller. These factors indicate that a material uncertainty exists which may cast significant doubt on the Company's ability to continue as a going concern and therefore its ability to operate and pay its liabilities as they fall due for payment through the forecast period. The financial statements do not include the adjustments that would be necessary if the Company is unable to continue as a going concern.

Whilst acknowledging that there are material uncertainties relating to the intra month cash requirements if certain revenue downside scenarios occur and additional facilities are required in such circumstances, the Directors have a reasonable expectation that the Company has adequate resources for the foreseeable future and will be able to meet its liabilities as they fall due for a period of at least 12 months from the date of signing these financial statements and that the going concern basis of preparation is appropriate. The Directors will continue to take all steps possible to ensure that all available external facilities and incentives are accessed to ameliorate the impact that this pandemic is having on the business, its employees, its stakeholders and customers. The Group is in discussion with its key lender regarding extension of facilities, should the need for them arise, hence have prepared the financial statements on a going concern basis.

The Company is the Principal Employer of the James Neill Pension Plan, and as such recognises the defined benefit pension liability in its financial statements. The deficit position is a function of the actuarial valuation of the Plan liabilities and is not a reflection of the Company's underlying trading operations.

##### **Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

##### **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.

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

**JAMES NEILL HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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**1. Accounting policies (continued)**

**Tangible fixed assets (continued)**

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 50 years
Office equipment	- 3 to 5 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 Income Statement.

**Investment property**

Land and buildings which are leased to fellow companies in the Spear & Jackson Group have been accounted for as tangible fixed assets.

**Impairment of fixed assets**

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

**Foreign currency translation**

Foreign currency transactions are translated into Pounds Sterling using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

**Finance costs**

Finance costs are charged to the Income Statement 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.

**Exceptional items**

The Company classifies certain one-off charges or credits that have a material impact on the company's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the company.

## JAMES NEILL HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

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#### 1. Accounting policies (continued)

##### **Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income Statement, 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 balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet 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 Company 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 balance sheet date.

##### **Leased assets: lessor**

Where assets are leased to a third party and give rights approximating to ownership (finance leases), the assets are treated as if they have been sold outright. The amount removed from the fixed assets is the net book value on disposal of the asset. The profit on disposal, being the excess of the present value of the minimum lease payments over net book value is credited to profit or loss.

Lease payments are analysed between capital and interest components so that the interest element of the payment is credited to profit or loss over the term of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts owed by the lessee.

Incentive payments to new tenants to occupy the Company's investment properties are treated as a reduction in revenue and initially recorded as prepayments. The payments are charged to profit or loss over the term of the lease. Where such prepayments relate to investment properties, the properties are carried at open market value less the amount of the unamortised incentive.

All other leases are treated as operating leases. Their annual rentals are credited to profit or loss on a straight-line basis over the term of the lease.

**JAMES NEILL HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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**1. Accounting policies (continued)**

**Leased assets: Lessee**

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to profit or loss over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to profit or loss on a straight-line basis over the term of the lease.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard (1 January 2014) to continue to be charged over the shorter period to the first market rent review rather than the term of lease.

For leases entered into on or after 1 January 2014, reverse premiums and similar incentives received to enter into operating lease agreements are released to profit or loss over the term of the lease.

Where the Company has a legal obligation, a dilapidations provision is created on inception of a lease. These provisions are a best estimate of the cost required to return leased properties to their original condition upon termination of the lease. Where the obligation arises from 'wear and tear', the provision is accrued as the 'wear and tear' occurs.

**Onerous leases**

Where the unavoidable costs of a lease exceed the economic benefit expected to be received from it, a provision is made for the present value of the obligations under the lease.

**Pension costs**

Contributions to the company's defined contribution pension schemes are charged to the Statement of Comprehensive Income in the year in which they become payable.

The Company is a member of a group defined benefit pension plan. There is no contractual agreement or stated policy for charging the net defined benefit cost to individual group entities. In line with the requirements of FRS 102 section 20.38, the net defined benefit cost of the Plan has, therefore, been recognised in the individual financial statements of the group entity legally responsible for the Plan, which is James Neill Holdings Limited. The other group companies who are members of the Plan have recognised a cost equal to their contributions payable for the year in their individual financial statements.

**Holiday pay accrual**

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

JAMES NEILL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019

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**2. Judgments in applying accounting policies and key sources of estimation uncertainty**

In preparing these financial statements, the directors have had to make the following judgements:

- Determine whether leases entered into by the Company as a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the Company's investments and tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash generating unit, the viability and expected future performance of that unit.

*Other key sources of estimation uncertainty*

- *Tangible fixed assets (see note 10)*

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

A portion of the Company's land and buildings are leased under an operating lease to a third party. In line with FRS 102 paragraph 16.4, the Company has not split the land and buildings between tangible fixed assets and investment property as it has determined that the resulting portions could not be sold separately or leased out separately under a finance lease. The full amount of the land and buildings has therefore been recorded as tangible fixed assets.

**JAMES NEILL HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

**2. Judgments in applying accounting policies and key sources of estimation uncertainty (continued)**

- *Retirement benefit obligation (see note 16)*

The Company operates a group defined benefit pension plan.

A number of statistical and other factors which attempt to anticipate future events are used by the actuaries in calculating the expense and liability relating to the Plan. These factors include assumptions about the discount rate, and expected return on the Plan assets as determined by the Company, within certain guidelines, and in conjunction with the Company's actuarial consultants and auditor. Our actuaries also use subjective factors such as withdrawal and mortality rates to estimate the expense and liability related to the Plan. The actuarial assumptions used by the Company may differ significantly, either favourably or unfavourably, from actual results due to changing market and economic conditions, higher or lower withdrawal rates or longer or shorter life spans of participants.

The use of different assumptions may have a significant impact on the measurement of the income statement pension expenses and the statement of financial position pension liability that are recognised in the Company's financial statements.

Certain of these assumptions have judgemental aspects. There is, therefore, the potential for a range of acceptable values to be available for several of the assumptions at any time, all of which could be justified and considered an appropriate for the purposes of compiling the necessary disclosures under FRS 102.

The range of possible acceptable assumptions reflects, inter alia, degrees of optimism and caution that the actuaries can build into their assumption models concerning certain macro and micro economic conditions and other demographic factors. Further, because of the constantly evolving nature of such economic and demographic factors, assumptions will not remain constant over time but will move to reflect changes in the principal calculation drivers that underpin them.

The following sensitivity table illustrates the impact on the Company's balance sheet as a result of making changes in certain of the key assumptions used in calculating the assets and liabilities of the Plan.

	<b>Impact on 30 September 2019 Pension Deficit £</b>	<b>Impact on 30 September 2018 Pension Deficit £</b>
Change in assumptions:		
10 basis point decrease in discount rate	<b>-2.0 million</b>	<i>-2.0 million</i>
10 basis point increase in discount rate	<b>+2.0 million</b>	<i>+2.0 million</i>
10 basis point increase in inflation assumptions	<b>+1.0 million</b>	<i>+1.0 million</i>
10 basis point decrease in inflation assumptions	<b>-1.0 million</b>	<i>-1.0 million</i>
Increase mortality assumptions by one year	<b>+9.0 million</b>	<i>+9.0 million</i>
Decrease mortality assumptions by one year	<b>-9.0 million</b>	<i>-8.0 million</i>

**JAMES NEILL HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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**2. Judgments in applying accounting policies and key sources of estimation uncertainty (continued)**

- *Deferred taxation (see note 13)*

The Company has recorded significant deferred tax assets in its Balance Sheet. A review of all available positive and negative evidence is undertaken by the Company at the end of each reporting period to determine the likelihood of realising the deferred tax benefits which potentially arise on its property, plant and equipment, the UK pension defined benefit plan, accruals and allowances, inventories and tax loss carry forwards.

Such reviews consider the available positive and negative evidence, and comprise all those factors believed to be relevant, including the company's recent operating results and its expected future profitability, including the impact of its manufacturing restructuring strategies. Based on these reviews, the Company can then determine whether there is a reasonable expectation that it will generate sufficient future taxable income such that its gross deferred tax assets relating to property, plant and equipment, the UK pension defined benefit plan, accruals and allowances and inventories are likely to be realised.

The Company will continue to review the recoverability of its deferred tax assets and, based on such periodic reviews, the company could recognise a change in the valuation allowance relating to its deferred tax assets in the future should, for example, estimates of forecast taxable income be reduced or other favourable or adverse events occur.

**3. Turnover**

Turnover, representing administration charges to subsidiary undertakings in the United Kingdom, is a continuing activity, and is stated net of value added tax. The directors regard the Company's business as being of one class.

**4. Operating (loss)/profit**

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

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Depreciation of tangible assets	<b>160</b>	<b>166</b>
Fees payable to the Company's auditor for:		
- Audit of the Company's annual financial statements	<b>6</b>	<b>4</b>
- Taxation compliance services	<b>19</b>	<b>3</b>
Exchange differences	<b>(4)</b>	<b>(226)</b>
Other operating lease rentals	<b>13</b>	<b>16</b>
	<b>=====</b>	<b>=====</b>



**JAMES NEILL HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

**5. Employees**

Staff costs were as follows:

	<b>2019 £000</b>	<b>2018 £000</b>
Wages and salaries	<b>566</b>	<b>574</b>
Social security costs	<b>74</b>	<b>51</b>
Cost of defined contribution scheme	<b>24</b>	<b>19</b>
	<b>664</b>	<b>644</b>

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

	<b>2019 No.</b>	<b>2018 No.</b>
Office and management	<b>16</b>	<b>15</b>

Defined contribution pension schemes are operated by the Company on behalf of employees. The assets of the schemes are held separately from those of the Company in independently administered funds. The pension charge represents contributions payable by the Company to the funds and amounted to £24,000 (2018 - £19,000). Contributions amounting to £8,000 (2018 - £5,000) were payable to the fund at the year end and are included in creditors.

**6. Directors' remuneration**

No director received any emoluments from the Company in the year (2018 - £nil).

**7. Interest payable and similar expenses**

	<b>2019 £000</b>	<b>2018 £000</b>
Group loans	<b>157</b>	<b>171</b>
Finance leases	<b>-</b>	<b>1</b>
	<b>157</b>	<b>172</b>

**JAMES NEILL HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

**8. Other finance costs**

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Interest income on pension scheme assets	<b>3,370</b>	<b>3,204</b>
Interest expense on defined benefit liability	<b>(4,404)</b>	<b>(4,316)</b>
	<u><b>(1,034)</b></u>	<u><b>(1,112)</b></u>

**9. Taxation**

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
<b>UK corporation tax</b>		
Current tax on losses for the year	<b>(64)</b>	<b>-</b>
<b>Total current tax</b>	<u><b>(64)</b></u>	<u><b>-</b></u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<b>(159)</b>	<b>626</b>
Adjustment in respect of previous periods	<b>-</b>	<b>(6)</b>
<b>Total deferred tax</b>	<u><b>(159)</b></u>	<u><b>620</b></u>
<b>Taxation on (loss)/profit on ordinary activities</b>	<u><b>(223)</b></u>	<u><b>620</b></u>

**JAMES NEILL HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

**9. Taxation (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2018 - *higher than*) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	<b>2019 £000</b>	<b>2018 £000</b>
(Loss)/profit on ordinary activities before tax	<b>(2,598)</b>	<b>2,524</b>
(Loss)/profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (2018 - 19%)	<b>(494)</b>	<b>480</b>
<b>Effects of:</b>		
Permanently disallowed items	<b>21</b>	<b>20</b>
Group relief surrendered for which no payment will be received	<b>208</b>	<b>197</b>
Adjustment in respect of prior periods	<b>-</b>	<b>(6)</b>
Other timing differences leading to an increase/(decrease) in taxation	<b>43</b>	<b>(70)</b>
Non-taxable income	<b>(1)</b>	<b>(1)</b>
<b>Total tax charge for the year</b>	<b>(223)</b>	<b>620</b>

The aggregate current and deferred tax relating to items recognised in other comprehensive income is a credit of £1,001,000 (2018 - charge of £813,000).

For further information on deferred tax balances, see note 13.

**JAMES NEILL HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

**10. Tangible fixed assets**

	Freehold property £000	Office equipment £000	Total £000
<b>Cost or valuation</b>			
At 1 October 2018	6,112	721	6,833
Additions	438	64	502
At 30 September 2019	<u>6,550</u>	<u>785</u>	<u>7,335</u>
<b>Depreciation</b>			
At 1 October 2018	2,257	652	2,909
Charge for the year on owned assets	118	42	160
At 30 September 2019	<u>2,375</u>	<u>694</u>	<u>3,069</u>
<b>Net book value</b>			
At 30 September 2019	<u>4,175</u>	<u>91</u>	<u>4,266</u>
At 30 September 2018	<u>3,855</u>	<u>69</u>	<u>3,924</u>

The freehold land and buildings at Atlas Way, Sheffield were valued by Jones Lang Wootton, Chartered Surveyors, at 17 November 1997 on the basis of their open market value. In accordance with the transitional provisions of FRS15, the directors elected to freeze all revaluations and the revalued fixed assets have not been restated at their historical cost. In accordance with the transitional provisions of FRS '102, the frozen revaluation has been considered to be the deemed cost.

**JAMES NEILL HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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**10. Tangible fixed assets (continued)**

The carrying amount of investment property, which the Company rents to another group entity when it has chosen to account for such properties using the cost model is £4,176 (2018 - £3,855,000)

The cost or valuation is made up as follows:

	<b>2019 £000</b>	<b>2018 £000</b>
Historic cost	<b>2,010</b>	<b>1,572</b>
1997 valuation	<b>4,540</b>	<b>4,540</b>
	<b>6,550</b>	<b>6,112</b>

The value of freehold land not depreciated is £732,000 (2018 - £732,000).

**Finance leases**

The net book value of office equipment for the Company includes an amount of £nil (2018 - £6,000) in respect of assets held under finance leases and hire purchase contracts.

Such assets are generally classified as finance leases as the rental period amounts to the estimated useful economic life of the assets concerned and often the company has the right to purchase the assets outright at the end of the minimum lease term by paying a nominal amount.

JAMES NEILL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019

11. Fixed asset investments

	Investments in subsidiary companies £000	Unlisted investments £000	Loans to subsidiaries £000	Total £000
<b>Cost or valuation</b>				
At 1 October 2018	65,060	51	10,725	75,836
Additions	-	-	577	577
Repayments	-	-	(725)	(725)
Exchange movements arising on loans treated as equity investments	-	-	157	157
At 30 September 2019	65,060	51	10,734	75,845
<b>Impairment</b>				
At 1 October 2018	63,885	51	5,481	69,417
Exchange movements arising on loans treated as equity investments	-	-	157	157
At 30 September 2019	63,885	51	5,638	69,574
<b>Net book value</b>				
At 30 September 2019	1,175	-	5,096	6,271
At 30 September 2018	1,175	-	5,244	6,419

**JAMES NEILL HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

**11. Fixed asset investments (continued)**

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Registered office</b>	<b>Principal activity</b>	<b>Class of shares</b>	<b>Holding</b>
Neill Tools Limited	Atlas Way, Atlas North, Sheffield, S4 7QQ	Procurement, distribution and sale of hacksaw blades, other engineers' cutting tools, pliers and other hand tools.	Ordinary	100%
Spear & Jackson Holdings Limited	Atlas Way, Atlas North, Sheffield, S4 7QQ	Investment holding company.	Ordinary	100%
Spear & Jackson UK Limited	Atlas Way, Atlas North, Sheffield, S4 7QQ	Procurement, distribution and sale of garden, agricultural and contractors' hand tools, wood saws and builders' tools.	Ordinary	100%
Societe Neill France SA	Le Coin, Zone Industrielle, CS 40082, 42402 Saint Chamond Cedex, France	Holding company of Spear & Jackson France SA.	Ordinary	100%
Spear & Jackson France SA	Le Coin, Zone Industrielle, CS 40082, 42402 Saint Chamond Cedex, France	Marketing, distribution and sale of group garden tools, hand tools and other related products.	Ordinary	100%
Spear & Jackson (Australia) Pty Limited	Building 2, 82 Greens Road, Dandenong South, VIC 3175, Australia	Marketing, distribution and sale of group hand and garden tools and other related products.	Ordinary	100%
Spear & Jackson (New Zealand) Limited	DFK Oswin Griffiths Carlton, Level 4, 52 Symonds Street, Auckland, 1010, New Zealand	Marketing and sale of group hand and garden tools and other related products.	Ordinary	100%
Eclipse Tools Manufacturing Company Limited	Building 4, No. 128, Jiangmu Road, Gaoxin District, Jiangmen City, Guangdong Province, China	Manufacturer of hacksaw blades.	Ordinary	100%

Societe Neill France SA, Spear & Jackson France SA and Eclipse Tools Manufacturing Company Limited are held indirectly.

**JAMES NEILL HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

**11. Fixed asset investments (continued)**

The Company has investments in other dormant companies. The following dormant companies are wholly owned by the Company.

<b>Name</b>	<b>Registered office</b>
E H Collis Pty Ltd	Building 2, 82 Greens Road, Dandenong South, VIC 3175, Australia
E H Collis (NSW) Pty Ltd	Building 2, 82 Greens Road, Dandenong South, VIC 3175, Australia
James Neill Canada Inc	Registered in Canada, c/o Atlas Way, Atlas North, Sheffield, S4 7QQ
James Neill USA Inc	Barrick, Switzer, Long, Balsley & Van Evera LLP, 6833 Stalter Drive, Rockford, Illinois 61108, United States of America
Umcos (Australia) Pty Ltd	Building 2, 82 Greens Road, Dandenong South, VIC 3175, Australia

E H Collis Pty Ltd, E H Collis (NSW) Pty Ltd, James Neill Canada Inc and Umcos (Australia) Pty Ltd are held indirectly.

*Other investments*

These investments are unlisted and are carried at cost. They include a holding of 30% of the issued ordinary share capital of Bipico Industries (Tools) Private Limited, a company incorporated and operating in India. This company is not considered to be an associated undertaking since James Neill Holdings Limited does not possess the ability to exercise significant influence over the company.

The full investment value has been impaired.

**12. Debtors**

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
<b>Amounts falling due after more than one year</b>		
Deferred taxation (note 13)	7,030	5,729
	<u>7,030</u>	<u>5,729</u>
<b>Amounts falling due within one year</b>		
Amounts owed by group undertakings	392	298
Amounts owed by subsidiary undertakings	3,334	2,765
Amounts owed by fellow subsidiary undertakings	445	442
Amounts owed by parent undertakings	3,008	1,997
Value Added Tax	878	866
Other debtors	81	59
Deferred taxation (note 13)	67	208
	<u>15,235</u>	<u>12,364</u>



**JAMES NEILL HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

**13. Deferred tax**

	Accelerated capital allowances £000	Provisions £000	Retirement benefit obligation £000	Total £000
1 October 2017	(10)	59	7,321	7,370
Taxation charge in the year	(1)	(19)	(600)	(620)
Recognition of actuarial gains on retirement benefit obligation in other comprehensive income	-	-	(813)	(813)
<b>At 30 September 2018</b>	<b>(11)</b>	<b>40</b>	<b>5,908</b>	<b>5,937</b>
Taxation (charge)/credit in the year	(31)	-	190	159
Recognition of actuarial loss on retirement benefit obligation in other comprehensive income	-	-	1,001	1,001
<b>At 30 September 2019</b>	<b>(42)</b>	<b>40</b>	<b>7,099</b>	<b>7,097</b>

See note 16 for more details regarding the retirement benefit obligation.

Deferred tax assets of £270,000 (2018 - £270,000) in relation to timing differences on current assets and liabilities have not been recognised in the accounts. There is insufficient evidence that these assets will be recoverable within the meaning of FRS 102, section 29 "Income Tax".

Similarly, the Company has losses available for relief against future taxable profits of approximately £322,000 (2018 - £322,000), which have also not been recognised in these accounts.

The Company also has capital losses available of approximately £6,080,000 (2018 - £6,080,000), which have not been recognised in these accounts.

The Company has an advance corporation tax balance of £3,157,000 (2018 - £3,157,000); this is potentially available for offset against future taxation liabilities to the extent that the quantum and timing of the group's UK taxable profits interacts with dividend flows in and out of the UK group in such a way that there is capacity to shelter a liability in a given accounting period. No recognition has been made in these financial statements.

**JAMES NEILL HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

**14. Creditors: amounts falling due within one year**

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Bank overdrafts	<b>1,060</b>	-
Amounts owed to parent undertakings	<b>11,358</b>	10,996
Amounts owed to group undertakings	<b>11</b>	4
Amounts owed to subsidiary undertakings	<b>5,843</b>	5,893
Amounts owed to fellow subsidiary undertakings	<b>765</b>	838
Obligations under finance leases (note 17)	-	7
Other creditors	<b>723</b>	584
	<b>19,760</b>	18,322

**15. Provision for liabilities**

A leasehold property, which expired in December 2011, carried a dilapidation provision which requires the property to be returned to its original condition on cessation of the lease. The provision of £109,000 has been released in full during the year ended 30 September 2018.

## JAMES NEILL HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

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#### 16. Retirement benefit obligation

The Company is a member of a group pension plan, the James Neill Pension Plan ("the Plan"), which until 30 March 2017 was operated by Spear & Jackson Limited ("SJL"). The Plan is a contributory defined benefit pension plan covering certain of its employees in the UK-based subsidiaries of Spear & Jackson Group Limited. The benefits covered by the Plan are based on years of service and compensation history. The Plan's assets are held separately from the assets of the Spear & Jackson Group Limited and are administered by the Plan's trustees and are managed professionally. The Plan is not open to new entrants.

From March 2014 up until 30 March 2017, SJL acted as Principal Employer, and therefore the legal entity responsible for the Plan and the entity which recognises the defined pension liability in its financial statements. On that date, the Trustees of the Plan consented to the substitution of James Neill Holdings Limited as the Principal Employer of the Plan. Up until 30 March 2017, the Company was a participating employer in the Plan. With the change in Principal Employer, the Company now recognises the defined benefit pension liability in its financial statements.

There is no contractual agreement or stated policy for charging the net defined benefit cost to individual group entities. In line with the requirements of FRS 102 section 20.38, the net defined benefit cost of the Plan has, therefore, been recognised in the individual financial statements of the group entity legally responsible for the Plan. The other group companies who are members of the Plan have recognised a cost equal to their contributions payable for the year in their individual financial statements.

The total contributions paid to the Plan for the year ended 30 September 2019 amounted to £2.8 million (2018 - £2.8 million). Included within in this are the Company's contributions for the year, which amounted to £1,165,000 (2018 - £1,165,000).

The latest formal actuarial valuation of the Plan was carried out at 5 April 2019 by Isio, the actuarial advisors to the Plan and was agreed by the Trustees of the Plan and the Company on 30 April 2020. Following the finalisation of the 2019 actuarial valuation, a long-term funding plan has been agreed between the Plan and the Company which provides for a fixed annual contribution of £2.9 million commencing from 1 July 2020 and extending to 29 February 2032. This contribution is based on the recovery of a deficit of £59.2 million as indicated by the triennial valuation at 5 April 2019. In addition to recovering the deficit, the annual fixed contributions also cover the funding of the annual ongoing accrual and the annual Pension Protection Fund Levy which is borne directly by the Plan. The revised schedule is subject to UK pension regulatory approval, and may be liable to revision and amendments in future periods dependent on fluctuations, both favourable and adverse, in the actuarially determined value of the Plan investments and liabilities and the financial strengths and cash flow requirements of the Plan's sponsoring employers. As the actuarial valuation at 5 April 2019 was not completed until 30 April 2020, during the year ended 30 September 2019, contributions payable to the Plan were based upon the triennial valuation carried out at 5 April 2016. This provided for a fixed annual contribution of £1.8 million commencing 1 July 2017 and extending to 29 February 2032.

In addition to cash contributions made to the Plan, a second legal charge has been executed in favour of the Plan representing 50% of the value of the Company's freehold land and buildings at Atlas Way, Sheffield, England.

Furthermore, in connection with the renegotiation of the employer's contribution schedule, guarantees have been provided by SJL and Bowers Group Limited, a fellow UK subsidiary, to secure certain obligations ("the guaranteed obligations") relative to the Plan in the event of a contribution default by any of the participating companies or in certain other circumstances.

The guaranteed obligations represent all present and future obligations (actual or contingent) of each participating employer to make payments to the Plan up to a maximum amount that is equal to the lowest non-negative amount which, when added to the assets of the Plan, would result in the Plan being at least 105% funded on the date on which any liability under the guarantee crystallised based on an actuarial valuation of the Plan carried out on that date.

**JAMES NEILL HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

**16. Retirement benefit obligation (continued)**

On 26 October 2018, the High Court handed down its judgement in the case involving the Lloyds Banking Group's defined benefit pension schemes and the rights of member to equality of treatment in relation to pension benefits. The Court's ruling has made it clear that schemes should be amended to equalise benefits for men and women in respect of guaranteed minimum pension benefits. This resulted in a prior service cost of £2,272,000 to the income statement in the year ended 30 September 2019.

In the year ended 30 September 2018, the Trustees agreed to implement a Levelling Pension Option (LPO) as a new option for members approaching retirement. The LPO gives members the option to exchange some of their Plan pension after State Pension age (SPA) for a temporary uplift to their Plan pension until SPA. The introduction of this option is intended to even out the total pension received by members from the State and Plan in total before and after SPA. This resulted in a prior service credit of £2,715,000 to the income statement in the year ended 30 September 2018.

The principal financial assumptions used in the updated actuarial valuations at 30 September 2019 and 2018 for the purposes of the accounting disclosures in these financial statements were as follows.

	2019 %	2018 %
Long term rate of increase in pensionable salaries (note a)	0.00	0.00
Rate of increase of benefits in payment (note b)	3.03	3.14
Rate of increase of benefits in payment (note c)	1.96	2.00
Discount rate	1.90	2.90
Inflation assumption (Retail Prices Index ("RPI"))	3.15	3.30
Inflation assumption (Consumer Prices Index ("CPI")) (note d)	2.15	2.30
	<b>S3PXA with multiplier of 123%</b>	<b>S2PXA with multiplier of 112%</b>
Mortality Base Table (note e)	<b>CMI 2018 with 1.00% long-term improvement rate, 7.0 smoothing factor &amp; initial additional parameter of 0</b>	<b>CMI 2017 with 1.00% long-term improvement rate &amp; 7.0 smoothing factor</b>
Mortality Improvements	0	0
Levelling Pension Option take-up percentage (note f)	25.0	25.0

**Notes:**

- (a) Pensionable pay was frozen with effect from 5 April 2010.
- (b) In respect of pensions in excess of the guaranteed minimum pension in the 1999 and 2001 sections of the Plan.
- (c) In respect of guaranteed minimum pension earned after 6 April 1988.
- (d) Following changes in applicable legislation, inflationary increases applied to the value of deferred members' pension liabilities have been recalculated using CPI rather than the RPI inflation index.
- (e) The mortality base table has been selected following a detailed analysis of the Plan's members.
- (f) The take-up percentage has been determined based upon average take-up of similar options in other defined benefit pension plans.

**JAMES NEILL HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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**16. Retirement benefit obligation (continued)**

The life expectancies implied by the mortality assumptions used in the pension valuation (making allowance for projected future improvement in mortality) are:

	<b>2019 Years</b>	<b>2018 Years</b>
Current pensioner when aged 65:		
Male	<b>19.9</b>	20.6
Female	<b>22.3</b>	22.5
Future pensioner when aged 65:		
Male	<b>20.9</b>	21.5
Female	<b>23.4</b>	23.7

The amount recognised in the balance sheet in respect of the Plan for the current year is as follows:

	<b>2019 £000</b>	<b>2018 £000</b>
<b>Fair value of Plan assets:</b>		
Equities (quoted)	<b>27,527</b>	30,401
Direct lending	<b>7,211</b>	5,944
Property	<b>15,669</b>	19,998
Cash	<b>5,756</b>	5,538
Infrastructure	<b>16,293</b>	14,231
Liability driven investment	<b>38,202</b>	38,352
Commercial real estate debt	<b>8,135</b>	3,702
Insurance policies	<b>668</b>	644
	<b>119,461</b>	118,810
Present value of funded obligations	<b>(161,155)</b>	(153,370)
	<b>(41,694)</b>	(34,560)

**JAMES NEILL HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

**16. Retirement benefit obligation (continued)**

The amounts recognised in the profit and loss account in respect of the Plan are as follows.

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Current service costs	<b>294</b>	<b>316</b>
Prior service cost/(credit)	<b>2,272</b>	<b>(2,715)</b>
Administration costs	<b>443</b>	<b>533</b>
Employer contributions paid by other participating employers	<b>(1,635)</b>	<b>(1,635)</b>
Interest cost	<b>4,404</b>	<b>4,316</b>
Interest income on plan assets	<b>(3,370)</b>	<b>(3,204)</b>
	<b>2,408</b>	<b>(2,389)</b>

The current service cost, prior service cost/(credit), employer contributions paid by other participating employers and administration costs are included in the administration expenses caption in the income statement. The net interest cost is included in the other finance costs caption in the income statement.

Movements in the present value of the defined benefit obligations are as follows:

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Defined benefit obligation at 1 October	<b>153,370</b>	<b>161,939</b>
Current service cost	<b>294</b>	<b>316</b>
Past service cost/(credit)	<b>2,272</b>	<b>(2,715)</b>
Interest cost	<b>4,404</b>	<b>4,316</b>
Member contributions	<b>83</b>	<b>88</b>
Benefits paid	<b>(7,700)</b>	<b>(7,429)</b>
Actuarial losses - changes in financial assumptions	<b>19,735</b>	<b>(2,391)</b>
Actuarial losses - demographic assumptions	<b>(11,303)</b>	<b>(754)</b>
<b>Defined benefit obligation at 30 September</b>	<b>161,155</b>	<b>153,370</b>

**JAMES NEILL HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

**16. Retirement benefit obligation (continued)**

Changes in the fair value of the Plan's assets are as follows:

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Fair value of scheme assets at 1 October	<b>118,810</b>	<b>119,045</b>
Employer contributions paid by the Company	<b>1,165</b>	<b>1,165</b>
Employer contributions paid by other participating employers	<b>1,635</b>	<b>1,635</b>
Contributions by scheme participants	<b>83</b>	<b>88</b>
Administration cost	<b>(443)</b>	<b>(533)</b>
Interest income	<b>3,370</b>	<b>3,204</b>
Benefits paid	<b>(7,700)</b>	<b>(7,429)</b>
Return on plan assets	<b>2,541</b>	<b>1,635</b>
<b>Fair value of scheme assets at 30 September</b>	<b>119,461</b>	<b>118,810</b>

The actual return on the Plan's assets was a gain of approximately £2,541,000 (2018 - £1,635,000).

The amount, before tax, recognised in the statement of comprehensive income is as follows:

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Actuarial (loss)/gain	<b>(5,891)</b>	<b>4,780</b>

The actuarial valuation showed that the market value of the Plan's assets at 30 September 2019 was £119,461,000 (2018 – £118,810,000) and that the actuarial value of these assets represented 74 (2018 - 77 ) of the benefits that had accrued to members. The shortfall of £41,694,000 (2018 – £34,560,000) is subject to variation as, going forward, assumptions and investment conditions may change. The current deficit and any future liabilities, as calculated by the Plan actuary, will be cleared in accordance with current UK pension's legislation and after consultation and agreement between the Trustees and the Company.

**JAMES NEILL HOLDINGS LIMITED**

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**17. Obligations under finance leases**

Minimum lease payments under hire purchase fall due as follows:

	<b>2019 £000</b>	<b>2018 £000</b>
Within one year	-	7
<b>Total gross payments</b>	<b>-</b>	<b>7</b>
Less: finance charges	-	-
<b>Carrying amount of liability</b>	<b>-</b>	<b>7</b>

**18. Share capital**

	<b>2019 £</b>	<b>2018 £</b>
<b>Allotted, called up and fully paid</b>		
100 (2018 - 100) Ordinary shares of £0.25 each	<b>25</b>	<b>25</b>

**19. Contingent liabilities**

*Pledge of assets*

At the reporting date, the banking facilities of the UK subsidiaries of Spear & Jackson Group Limited (the "UK Group") with the HSBC Bank plc comprise asset-backed lending facilities (confidential invoice discounting and inventory borrowing line).

The asset-backed lending facilities are secured on certain trade receivables and inventories in the UK trading operations of the UK Group.

Additionally, the UK Group's net cash balances with HSBC form a pooled fund. Individual account balances may be in an overdrawn position but, collectively a positive net pooled position is required. As part of this pooled fund arrangement, the Company has entered into a cross guarantee to guarantee any bank borrowings within that pooled fund. At 30 September 2019, the extent of this guarantee was £19,416,000 (2018 - £19,344,000). The net pooled cash position at 30 September 2019 was £137,000 (2018 - £17,000).

Refer to note 16 in respect of the security and guarantees that are in place in relation to the James Neill Pension Plan.



**JAMES NEILL HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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**19. Contingent liabilities (continued)**

*Other*

The Company is, from time to time, subject to legal proceedings and claims arising from the conduct of its business operations, including litigation related to personal injury claims, customer contract matters, employment claims and environmental matters.

While it is impossible to ascertain the ultimate legal and financial liability with respect to contingent liabilities, including lawsuits, the directors of the Company believe that the aggregate amount of such liabilities, if any, in excess of amounts accrued, will not have a material adverse effect on the financial position or results of operations of the Company.

**20. Capital commitments**

At 30 September 2019 the Company had capital commitments as follows:

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Contracted for but not provided in these financial statements	<b>227</b>	-
	<u>227</u>	<u>-</u>

**21. Commitments under operating leases**

At 30 September 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
<b>Land and buildings</b>		
Within one year	<b>7</b>	<b>6</b>
Between one and five years	<b>26</b>	<b>26</b>
More than five years	<b>399</b>	<b>405</b>
	<u><b>432</b></u>	<u><b>437</b></u>
	<u><b>432</b></u>	<u><b>437</b></u>
<b>Motor vehicles</b>		
Within one year	<b>1</b>	<b>10</b>
Between one and five years	<b>-</b>	<b>1</b>
	<u><b>1</b></u>	<u><b>11</b></u>
	<u><b>1</b></u>	<u><b>11</b></u>

**JAMES NEILL HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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**22. Operating lease arrangements as lessor**

At 30 September 2019 the Company had contracted with tenants for the following minimum lease payments:

	<b>2019 £000</b>	<b>2018 £000</b>
Within one year	<b>94</b>	<b>49</b>
Between one and five years	<b>103</b>	<b>26</b>
More than five years	<b>399</b>	<b>405</b>
	<b>596</b>	<b>480</b>

**23. Ultimate parent undertaking**

The Company is a wholly owned subsidiary undertaking of Spear & Jackson Limited, a company registered in the United Kingdom. The entire issued share capital of Spear & Jackson Limited is held by Spear & Jackson Group Limited, a company registered in the United Kingdom. The entire issued share capital of Spear & Jackson Group Limited is held by Pantene Global Holdings Limited, a company registered in Hong Kong.

Pantene Global Holdings Limited is a wholly owned subsidiary of Kings Victory Limited, a company incorporated in the British Virgin Islands with limited liability. Kings Victory Limited is a wholly owned subsidiary of SNH Global Holdings Limited, a privately-owned company incorporated in the British Virgin Islands with limited liability.

The smallest group in which the results of the company are consolidated is that headed by Spear & Jackson Group Limited. The address of Spear & Jackson Group Limited's registered office is Atlas Way, Atlas North, Sheffield, S4 7QQ.

**24. Related party transactions**

The Company has taken advantage of the exemption under FRS 102 section 33.1A, "Related Party Disclosures", not to disclose transactions with other wholly owned subsidiaries of the group headed by Spear & Jackson Group Limited.

Key management personnel include all directors and a number of senior managers across the Company who together have authority and responsibility for planning, directing and controlling the activities of the Company. The total compensation paid to key management personnel for services provided was £133,000 (2018 - £121,000). These costs were borne in part by Spear & Jackson Limited, the immediate parent undertaking.

**25. Events after the reporting period**

For further details on how the Covid-19 pandemic has affected the Company's going concern assessment, see the Strategic Report as well as note 1 of the financial statements.