

Askern Holdings Limited

Annual Report and Consolidated Financial Statements
for the Year Ended 31 March 2019



Crozier Jones
Chartered Certified Accountants and Registered Auditors
9/13 Thorne Road
Doncaster
South Yorkshire
DN1 2HJ

Askern Holdings Limited

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Askern Holdings Limited

Company Information

Directors	Mr D Murray Mrs M Murray
Registered office	28 Lidgate Crescent Langthwaite Business Park South Kirkby Pontefract WF9 3NR
Bankers	HSBC Bank 1 High Street Doncaster South Yorkshire DN1 1EE
Auditors	Crozier Jones Chartered Certified Accountants and Registered Auditors 9/13 Thorne Road Doncaster South Yorkshire DN1 2HJ

Askern Holdings Limited

Strategic Report for the Year Ended 31 March 2019

The directors present their strategic report for the year ended 31 March 2019.

Principal activity

The principal activity of the group is the design and manufacture of cable reels.

Fair review of the business

The group's key financial and other performance indicators during the year were as follows:

	Unit	2019	2018
Turnover	£	8,215,013	7,752,174
Gross Profit	£	1,529,552	1,562,099
Gross Profit Percentage	%	19	20
Profit/(Loss) Before Tax	£	122,042	(50,798)
Net Current Assets	£	475,775	407,700
Net Assets	£	2,435,542	2,341,363

During the year the group has been successful in increasing its turnover by 6%. However, over the last two years the group has experienced an unprecedented increase in its raw material costs which have resulted in a reduction in gross profits. In spite of these difficult trading conditions the group has succeeded in making a pre tax profit

During the year the group has negotiated price increases with a number of its customers including several of its key customers and continues to seek price increases within its customer base.

The group is also actively trying to reduce the costs of its raw materials with a view to improving margins and improving profitability.

Despite the difficult trading conditions, the group's overall balance sheet remains strong.

The directors believe the group remains well placed to take advantage of any opportunities that arise in the year ended 31 March 2020.

Askern Holdings Limited

Strategic Report for the Year Ended 31 March 2019

Principal risks and uncertainties

Most sales are to UK customers and most suppliers are UK based, and accordingly the group has not entered into any hedging arrangements in respect of risks relating to trade debtors or creditors.


10% to 15% of the group's sales are to the EU and some of the group's suppliers are EU based. Accordingly the current uncertainty surrounding BREXIT represents a risk to the group. The directors have considered their exposure to these risks and believe the group is well positioned to respond appropriately to any changes that arise as a result.

The group has operated throughout the year within its banking and invoice financing arrangements, thereby substantially eliminating liquidity and cash flow risks.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. The amounts presented in the balance sheet are net of allowances for doubtful debtors.

Trade creditors' liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Approved by the Board on 12 December 2019 and signed on its behalf by:


.....
Mr D Murray
Director

Askern Holdings Limited

Directors' Report for the Year Ended 31 March 2019

The directors present their report and the financial statements for the year ended 31 March 2019.

Directors of the group

The directors who held office during the year were as follows:

Mr D Murray

Mrs M Murray

Financial instruments

Objectives and policies

The group's principal financial instruments comprise bank balances, invoice financing, trade debtors and trade creditors. The purpose of these instruments is to finance the group's business operations.

Price risk, credit risk, liquidity risk and cash flow risk

The directors do not consider that the group has any significant financial risks other than those normal commercial risks arising from its trading operations. Such risks are managed so as to permit the smooth operation of the business.

Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Approved by the Board on 12 December 2019 and signed on its behalf by:



Mr D Murray
Director

Askern Holdings Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 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.

Askern Holdings Limited

Independent Auditor's Report to the Members of Askern Holdings Limited

Opinion

We have audited the financial statements of Askern Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2019, which comprise the Consolidated Profit and Loss Account, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Balance Sheet, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Consolidated Statement of Cash Flows, 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 the parent company's affairs as at 31 March 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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 parent 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.

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.

Askern Holdings Limited

Independent Auditor's Report to the Members of Askern Holdings Limited

We have nothing to report in this regard.

Opinion on other matter 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and 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 our knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities [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 parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent 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.

Askern Holdings Limited

Independent Auditor's Report to the Members of Askern Holdings Limited

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

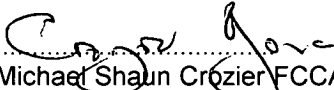
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Askern Holdings Limited

Independent Auditor's Report to the Members of Askern Holdings Limited

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.


Michael Shaun Crozier FCCA (Senior Statutory Auditor)
For and on behalf of Crozier Jones, Statutory Auditor

9/13 Thorne Road
Doncaster
South Yorkshire
DN1 2HJ

12 December 2019

Askern Holdings Limited

Consolidated Profit and Loss Account for the Year Ended 31 March 2019

	Note	2019 £	2018 £
Turnover	4	8,215,013	7,752,174
Cost of sales		<u>(6,685,461)</u>	<u>(6,190,075)</u>
Gross profit		1,529,552	1,562,099
Administrative expenses		(1,349,531)	(1,557,946)
Other operating income	5	<u>58,161</u>	<u>54,514</u>
Operating profit	7	<u>238,182</u>	<u>58,667</u>
Interest payable and similar expenses	8	<u>(116,140)</u>	<u>(109,465)</u>
		<u>(116,140)</u>	<u>(109,465)</u>
Profit/(loss) before tax		122,042	(50,798)
Taxation	12	<u>(27,863)</u>	<u>4,606</u>
Profit/(loss) for the financial year		<u>94,179</u>	<u>(46,192)</u>
Profit/(loss) attributable to:			
Owners of the company		<u>94,179</u>	<u>(46,192)</u>

The group has no recognised gains or losses for the year other than the results above.

Askern Holdings Limited

Consolidated Statement of Comprehensive Income for the Year Ended 31 March 2019

	2019 £	2018 £
Profit/(loss) for the year	<u>94,179</u>	<u>(46,192)</u>
Total comprehensive income for the year	<u>94,179</u>	<u>(46,192)</u>
Total comprehensive income attributable to:		
Owners of the company	<u>94,179</u>	<u>(46,192)</u>


Askern Holdings Limited

(Registration number: 06532363)

Consolidated Balance Sheet as at 31 March 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	13	3,842,908	4,018,788
Current assets			
Stocks	15	857,311	849,168
Debtors	16	2,703,256	2,678,830
Cash at bank and in hand		113,952	115,790
		<u>3,674,519</u>	<u>3,643,788</u>
Creditors: Amounts falling due within one year	18	<u>(3,198,744)</u>	<u>(3,236,088)</u>
Net current assets		<u>475,775</u>	<u>407,700</u>
Total assets less current liabilities		4,318,683	4,426,488
Creditors: Amounts falling due after more than one year	18	(1,774,396)	(1,993,294)
Provisions for liabilities	19	<u>(108,745)</u>	<u>(91,831)</u>
Net assets		<u>2,435,542</u>	<u>2,341,363</u>
Capital and reserves			
Called up share capital	21	100	100
Profit and loss account		<u>2,435,442</u>	<u>2,341,263</u>
Equity attributable to owners of the company		<u>2,435,542</u>	<u>2,341,363</u>
Total equity		<u>2,435,542</u>	<u>2,341,363</u>

Approved and authorised by the Board on 12 December 2019 and signed on its behalf by:


.....
Mr D Murray
Director

The notes on pages 17 to 38 form an integral part of these financial statements.


Askern Holdings Limited

(Registration number: 06532363)
Balance Sheet as at 31 March 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	13	58,359	113,293
Investments	14	<u>2</u>	<u>2</u>
		<u>58,361</u>	<u>113,295</u>
Current assets			
Debtors	16	107,958	101,511
Cash at bank and in hand		<u>3,303</u>	<u>4,647</u>
		111,261	106,158
Creditors: Amounts falling due within one year	18	<u>(20,190)</u>	<u>(62,327)</u>
Net current assets		<u>91,071</u>	<u>43,831</u>
Net assets		<u>149,432</u>	<u>157,126</u>
Capital and reserves			
Called up share capital	21	100	100
Profit and loss account		<u>149,332</u>	<u>157,026</u>
Total equity		<u>149,432</u>	<u>157,126</u>

The company made a loss after tax for the financial year of £7,694 (2018 - loss of £1,253).

Approved and authorised by the Board on 12 December 2019 and signed on its behalf by:


.....
Mr D Murray
Director

Askern Holdings Limited

Consolidated Statement of Changes in Equity for the Year Ended 31 March 2019 **Equity attributable to the parent company**

	Share capital £	Profit and loss account £	Total £	Total equity £
At 1 April 2018	100	2,341,263	2,341,363	2,341,363
Profit for the year	-	94,179	94,179	94,179
Total comprehensive income	-	94,179	94,179	94,179
At 31 March 2019	100	2,435,442	2,435,542	2,435,542
	Share capital £	Profit and loss account £	Total £	Total equity £
At 1 April 2017	100	2,387,455	2,387,555	2,387,555
Loss for the year	-	(46,192)	(46,192)	(46,192)
Total comprehensive income	-	(46,192)	(46,192)	(46,192)
At 31 March 2018	100	2,341,263	2,341,363	2,341,363

Askern Holdings Limited

Statement of Changes in Equity for the Year Ended 31 March 2019

	Share capital £	Profit and loss account £	Total £
At 1 April 2018	100	157,026	157,126
Loss for the year	-	(7,694)	(7,694)
Total comprehensive income	-	(7,694)	(7,694)
At 31 March 2019	100	149,332	149,432
	Share capital £	Profit and loss account £	Total £
At 1 April 2017	100	158,279	158,379
Loss for the year	-	(1,253)	(1,253)
Total comprehensive income	-	(1,253)	(1,253)
At 31 March 2018	100	157,026	157,126

Askern Holdings Limited

Consolidated Statement of Cash Flows for the Year Ended 31 March 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Profit/(loss) for the year		94,179	(46,192)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	7	149,905	159,962
Profit on disposal of tangible assets	6	(67,927)	(9,285)
Finance costs	8	116,140	109,484
Income tax expense	12	27,863	(4,606)
Foreign exchange (gains) / losses		-	(19)
		<u>320,160</u>	<u>209,344</u>
Working capital adjustments			
(Increase)/decrease in stocks	15	(8,143)	190,347
Decrease/(increase) in trade debtors	16	71,574	(236,490)
(Decrease)/increase in trade creditors	18	<u>(443,819)</u>	<u>397,251</u>
Cash generated from operations		(60,228)	560,452
Income taxes paid	12	<u>(1,177)</u>	<u>(95,743)</u>
Net cash flow from operating activities		<u>(61,405)</u>	<u>464,709</u>
Cash flows from investing activities			
Acquisitions of tangible assets		(3,709)	(504,046)
Proceeds from sale of tangible assets		<u>1,612</u>	<u>21,041</u>
Net cash flows from investing activities		<u>(2,097)</u>	<u>(483,005)</u>
Cash flows from financing activities			
Interest paid	8	(116,140)	(109,484)
Repayment of bank borrowing		(167,884)	(166,029)
Proceeds from other borrowing draw downs		395,643	291,589
Repayment of other borrowing		(41,727)	(77,328)
Payments to finance lease creditors		(8,228)	(6,171)
Foreign exchange (gains) / losses		-	19
Net cash flows from financing activities		<u>61,664</u>	<u>(67,404)</u>
Net decrease in cash and cash equivalents		(1,838)	(85,700)
Cash and cash equivalents at 1 April		<u>115,790</u>	<u>201,490</u>
Cash and cash equivalents at 31 March		<u><u>113,952</u></u>	<u><u>115,790</u></u>

The notes on pages 17 to 38 form an integral part of these financial statements.

Askern Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2019

1 General information

The company is a private company limited by share capital, incorporated in England.

The address of its registered office is:

28 Lidgate Crescent
Langthwaite Business Park
South Kirkby
Pontefract
WF9 3NR

These financial statements were authorised for issue by the Board on 12 December 2019.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 March 2019.

No Profit and Loss Account is presented for the company as permitted by section 408 of the Companies Act 2006. The company made a loss after tax for the financial year of £7,694 (2018 - loss of £1,253).

Askern Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2019

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

The results of subsidiaries acquired or disposed of during the year are included in the Profit and Loss Account from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the group's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the company.

The group recognises revenue when:
The amount of revenue can be reliably measured;
it is probable that future economic benefits will flow to the entity;
and specific criteria have been met for each of the group's activities.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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 group operates and generates taxable income.

Askern Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2019

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the consolidated financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Plant and machinery	10% straight line per annum
Motor vehicles	25% straight line per annum
Buildings	2% straight line per annum
Land	Not depreciated
Fixtures and fittings	10% straight line per annum
Office equipment	10% straight line per annum
Other tangible assets	25% straight line per annum

Investment property

Investment property is carried at fair value, derived from the current market prices for comparable real estate determined annually by the directors. The directors use observable market prices, adjusted if necessary for any differences in the nature, location or condition of the specific asset. Changes in fair value are recognised in profit or loss.

Business combinations

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

Askern Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2019

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

Inventories

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the group does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Askern Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2019

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the Profit and Loss Account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the group has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Askern Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2019

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, which are described in note 2, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements

The directors do not consider that there have been any critical judgements made in the process of applying the group's accounting policies.

Key sources of estimation uncertainty

The group has long running unresolved disputes in respect of certain creditors included in the accounts at £142,300 (2018 - £197,388). Included in debtors is an estimated prepayment against these creditors of £74,894 (2018 - £98,694).

Other than this the directors do not consider that there have been any key assumptions concerning the future or other key sources of estimation uncertainty at the balance sheet date which may cause a material adjustment to the carrying amount of assets and liabilities within the next financial year.

4 Revenue

The analysis of the group's revenue for the year from continuing operations is as follows:

	2019 £	2018 £
Sale of goods	8,079,942	7,575,607
Rendering of services	32,074	36,173
Rental income from investment property	102,997	140,394
	<u>8,215,013</u>	<u>7,752,174</u>

The analysis of the group's turnover for the year by market is as follows:

	2019 £	2018 £
UK	7,270,846	6,470,794
Exports	944,167	1,281,380
	<u>8,215,013</u>	<u>7,752,174</u>

Askern Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2019

5 Other operating income

The analysis of the group's other operating income for the year is as follows:

	2019 £	2018 £
Miscellaneous other operating income	<u>58,161</u>	<u>54,514</u>

6 Other gains and losses

The analysis of the group's other gains and losses for the year is as follows:

	2019 £	2018 £
Gain (loss) on disposal of property, plant and equipment	<u>67,927</u>	<u>9,285</u>

7 Operating profit

Arrived at after charging/(crediting)

	2019 £	2018 £
Depreciation expense	149,905	159,962
Operating lease expense - plant and machinery	5,455	26,028
Profit on disposal of property, plant and equipment	<u>(67,927)</u>	<u>(9,285)</u>

8 Interest payable and similar expenses

	2019 £	2018 £
Interest on bank overdrafts and borrowings	81,580	84,329
Interest on obligations under finance leases and hire purchase contracts	630	742
Interest expense on other finance liabilities	-	100
Foreign exchange (gains) / losses	-	(19)
Other finance costs	<u>33,930</u>	<u>24,313</u>
	<u>116,140</u>	<u>109,465</u>

Askern Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2019

9 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2019 £	2018 £
Wages and salaries	1,696,099	1,667,367
Social security costs	140,610	135,775
Pension costs, defined contribution scheme	60,905	44,034
Other employee expense	7,299	10,158
	<u>1,904,913</u>	<u>1,857,334</u>

The average number of persons employed by the group (including directors) during the year, analysed by category was as follows:

	2019 No.	2018 No.
Production	72	68
Administration and support	10	10
	<u>82</u>	<u>78</u>

10 Directors' remuneration

The directors' remuneration for the year was as follows:

	2019 £	2018 £
Remuneration	73,241	63,241
Contributions paid to money purchase schemes	1,443	630
	<u>74,684</u>	<u>63,871</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2019 No.	2018 No.
Accruing benefits under money purchase pension scheme	<u>1</u>	<u>1</u>

11 Auditors' remuneration

	2019 £	2018 £
Audit of these financial statements	<u>12,976</u>	<u>10,400</u>

Askern Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2019

12 Taxation

Tax charged/(credited) in the income statement

	2019 £	2018 £
Current taxation		
UK corporation tax	10,949	(18,890)
Deferred taxation		
Arising from origination and reversal of timing differences	16,914	14,284
Tax expense/(receipt) in the income statement	<u>27,863</u>	<u>(4,606)</u>

Askern Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2019

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2018 - lower than the standard rate of corporation tax in the UK) of 19% (2018 - 19%).

The differences are reconciled below:

	2019 £	2018 £
Profit/(loss) before tax	<u>122,042</u>	<u>(50,798)</u>
Corporation tax at standard rate	23,188	(9,652)
Effect of expense not deductible in determining taxable profit (tax loss)	(443)	1,075
Effect of tax losses	(4,004)	(4,928)
Tax increase from effect of capital allowances and depreciation	<u>9,122</u>	<u>8,899</u>
Total tax charge/(credit)	<u>27,863</u>	<u>(4,606)</u>

The group has tax losses carried forward of £50,981 (2018 - £187,969).

The company has tax losses carried forward of £50,981 (2018 - £72,054).

These losses have been recognised as a deferred tax asset to the extent that they could be used to offset deferred tax liabilities.

Deferred tax

Group

Deferred tax assets and liabilities

		Liability £
2019		
Difference between accumulated depreciation and capital allowances		108,745
Tax losses carried forwards		<u>-</u>
		<u>108,745</u>
	Asset £	Liability £
2018		
Difference between accumulated depreciation and capital allowances	-	113,855
Tax losses carried forwards	<u>22,024</u>	<u>-</u>
	<u>22,024</u>	<u>113,855</u>

Askern Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2019

13 Tangible assets

Group

	Land and buildings £	Fixtures and fittings £	Plant and machinery £	Office equipment £	Motor vehicles £	Total £
Cost or valuation						
At 1 April 2018	3,442,375	36,765	1,117,624	48,957	132,938	4,778,659
Additions	-	1,234	2,475	-	-	3,709
Disposals	-	-	(72,246)	-	(5,000)	(77,246)
At 31 March 2019	<u>3,442,375</u>	<u>37,999</u>	<u>1,047,853</u>	<u>48,957</u>	<u>127,938</u>	<u>4,705,122</u>
Depreciation						
At 1 April 2018	219,978	21,664	394,217	12,021	111,990	759,870
Charge for the year	25,807	3,800	107,444	4,104	8,750	149,905
Eliminated on disposal	-	-	(42,561)	-	(5,000)	(47,561)
At 31 March 2019	<u>245,785</u>	<u>25,464</u>	<u>459,100</u>	<u>16,125</u>	<u>115,740</u>	<u>862,214</u>
Carrying amount						
At 31 March 2019	<u>3,196,590</u>	<u>12,535</u>	<u>588,753</u>	<u>32,832</u>	<u>12,198</u>	<u>3,842,908</u>
At 31 March 2018	<u>3,222,396</u>	<u>15,101</u>	<u>723,407</u>	<u>36,936</u>	<u>20,948</u>	<u>4,018,788</u>

Askern Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2019

Included within the net book value of land and buildings above is £3,196,590 (2018 - £3,222,396) in respect of freehold land and buildings.

Included within the net book value of land and buildings above is £1,455,295 (2018 - £1,455,295) representing property currently held for investment purposes. The directors consider that this represents the fair value of the property at the balance sheet date. No depreciation has been charged on this property.

Assets held under finance leases and hire purchase contracts

The net carrying amount of tangible assets includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	2019	2018
	£	£
Plant and machinery	242,924	273,290
Motor vehicles	12,198	18,294
	<u>255,122</u>	<u>291,584</u>

Restriction on title and pledged as security

Land and buildings with a carrying amount of £3,108,812 (2018 - £3,133,402) has been pledged as security for the group's bank loans.

Askern Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2019

Company

	Fixtures and fittings £	Plant and machinery £	Office equipment £	Motor vehicles £	Total £
Cost or valuation					
At 1 April 2018	31,366	246,348	7,917	18,895	304,526
Disposals	-	(72,246)	-	(5,000)	(77,246)
At 31 March 2019	31,366	174,102	7,917	13,895	227,280
Depreciation					
At 1 April 2018	21,124	143,296	7,917	18,895	191,232
Charge for the year	3,137	22,113	-	-	25,250
Eliminated on disposal	-	(42,561)	-	(5,000)	(47,561)
At 31 March 2019	24,261	122,848	7,917	13,895	168,921
Carrying amount					
At 31 March 2019	7,105	51,254	-	-	58,359
At 31 March 2018	10,242	103,051	-	-	113,293

Askern Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2019

14 Investments

Group

Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the group holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2019	2018
Subsidiary undertakings				
Askern UK Limited*	28 Lidgate Crescent, Langthwaite Business Park, South Kirkby, Pontefract. WF9 3NR England	Ordinary shares	100%	100%
Askern Properties (North) Limited*	28 Lidgate Crescent, Langthwaite Business Park, South Kirkby, Pontefract. WF9 3NR. England	Ordinary shares	100%	100%

* indicates direct investment of the company

Subsidiary undertakings

The principal activity of Askern UK Limited is the design, manufacture and distribution of cable reels and the retail of certain timber products.

The principal activity of Askern Properties (North) Limited is property management.

Both subsidiaries are included in these consolidated financial statements.

Askern Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2019

Company

	2019 £	2018 £
Investments in subsidiaries	<u>2</u>	<u>2</u>

Subsidiaries

Cost or valuation

At 1 April 2018	<u>2</u>
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At 31 March 2019	<u>2</u>
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Carrying amount

At 31 March 2019	<u>2</u>
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At 31 March 2018	<u>2</u>
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15 Stocks

	Group		Company	
	2019 £	2018 £	2019 £	2018 £
Raw materials and consumables	500,736	601,767	-	-
Work in progress	139,694	143,872	-	-
Finished goods and goods for resale	<u>216,881</u>	<u>103,529</u>	<u>-</u>	<u>-</u>
	<u>857,311</u>	<u>849,168</u>	<u>-</u>	<u>-</u>

Group

The cost of stocks recognised as an expense in the year amounted to £6,685,461 (2018 - £6,190,075).

Askern Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2019

16 Debtors

	Note	Group		Company	
		2019 £	2018 £	2019 £	2018 £
Trade debtors		2,340,415	2,266,740	84,571	101,412
Amounts owed by related parties	25	-	-	23,288	-
Other debtors		215,375	241,616	99	99
Prepayments		128,715	151,723	-	-
Income tax asset	12	18,751	18,751	-	-
		<u>2,703,256</u>	<u>2,678,830</u>	<u>107,958</u>	<u>101,511</u>
Less non-current portion		<u>(86,400)</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>2,616,856</u>	<u>2,678,830</u>	<u>107,958</u>	<u>101,511</u>

Details of non-current trade and other debtors

Group

£86,400 (2018 - £Nil) of trade debtors is classified as non current.

Askern Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2019

17 Cash and cash equivalents

	Group		Company	
	2019 £	2018 £	2019 £	2018 £
Cash on hand	3,114	740	-	-
Cash at bank	110,838	115,050	3,303	4,647
	<u>113,952</u>	<u>115,790</u>	<u>3,303</u>	<u>4,647</u>

18 Creditors

		Group		Company	
	Note	2019 £	2018 £	2019 £	2018 £
Due within one year					
Loans and borrowings	22	1,864,423	1,467,720	-	-
Trade creditors		981,478	1,470,075	10,071	51,032
Amounts due to related parties	25	23,246	23,245	8,500	10,150
Social security and other taxes		171,181	89,840	323	-
Outstanding defined contribution pension costs		9,181	11,732	-	-
Other payables		3,468	49,781	-	-
Accruals		135,995	123,695	1,296	1,145
Income tax liability	12	<u>9,772</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>3,198,744</u>	<u>3,236,088</u>	<u>20,190</u>	<u>62,327</u>
Due after one year					
Loans and borrowings	22	<u>1,774,396</u>	<u>1,993,294</u>	<u>-</u>	<u>-</u>

19 Deferred tax and other provisions

Group		Deferred tax £	Total £
At 1 April 2018		91,831	91,831
Increase (decrease) in existing provisions		<u>16,914</u>	<u>16,914</u>
At 31 March 2019		<u>108,745</u>	<u>108,745</u>

Askern Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2019

20 Pension and other schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £60,905 (2018 - £44,034).

Contributions totalling £9,181 (2018 - £11,732) were payable to the scheme at the end of the year and are included in creditors.

21 Share capital

Allotted, called up and fully paid shares

	2019		2018	
	No.	£	No.	£
Ordinary shares of £1 each	100	100	100	100

Rights, preferences and restrictions

Ordinary shares have the following rights, preferences and restrictions:

Each share is entitled to one vote in any circumstances and each share is also entitled pari passu to dividend payments or any other distribution, including a distribution from a winding up of the company.

22 Loans and borrowings

	Group		Company	
	2019 £	2018 £	2019 £	2018 £
Non-current loans and borrowings				
Bank borrowings	1,626,681	1,796,564	-	-
Finance lease liabilities	2,057	10,285	-	-
Other borrowings	145,658	186,445	-	-
	<u>1,774,396</u>	<u>1,993,294</u>	<u>-</u>	<u>-</u>

	Group		Company	
	2019 £	2018 £	2019 £	2018 £
Current loans and borrowings				
Bank borrowings	168,959	166,959	-	-
Finance lease liabilities	8,228	8,228	-	-
Other borrowings	1,687,236	1,292,533	-	-
	<u>1,864,423</u>	<u>1,467,720</u>	<u>-</u>	<u>-</u>

Askern Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2019

Group

Bank borrowings

Bank borrowings are denominated in pounds sterling with a nominal interest rate of 3.5% - 4.5%. The carrying amount at year end is £1,795,640 (2018 - £1,963,523).

Bank borrowings are secured by fixed charge over the groups premises, by debenture over all group assets and by inter company composite guarantee with all group companies.

The group's bank borrowings are repayable in monthly or quarterly instalments.

Finance lease liabilities and other borrowings

Factoring creditors are secured over part of Askern UK Limited's trade debtors. Finance lease, hire purchase contracts and similar other borrowings are secured against the asset to which they relate.

Included in the loans and borrowings are the following amounts due after more than five years:

	2019 £	2018 £
After more than five years by instalments	157,488	243,868

23 Obligations under leases and hire purchase contracts

Group

Finance leases

The total of future minimum lease payments is as follows:

	2019 £	2018 £
Not later than one year	49,016	49,957
Later than one year and not later than five years	147,715	167,833
Later than five years	-	28,897
	<u>196,731</u>	<u>246,687</u>

Operating leases

The total of future minimum lease payments is as follows:

	2019 £	2018 £
Not later than one year	3,807	5,623
Later than one year and not later than five years	2,538	6,345
	<u>6,345</u>	<u>11,968</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £5,455 (2018 - £26,028).

Askern Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2019

24 Contingent liabilities

Group

During the year the group has written off a creditor in relation to a connected party of £47,600 as the director believes this amount is not due. This creditor remains under dispute. Accordingly there is a possibility that some liability in respect of this amount may arise in the future.

25 Related party transactions

Group

Key management compensation

	2019 £	2018 £
Salaries and other short term employee benefits	<u>230,095</u>	<u>175,084</u>

Other transactions with directors

The balance owed to Mr D Murray at the period end in respect of the director's current account was £23,246 (2018 - £23,246). There are no repayment terms and interest is not charged on the balance. The balance is repayable on demand.

Summary of transactions with entities with joint control or significant interest

Included within prepayments is an amount of £74,894 (2018 - £98,694) in respect of provisions against disputed creditor balances. These disputed creditor balances are included in full within the related party balances disclosures below relating to entities which are under the common control of the company's beneficial owners.

Income and receivables from related parties

	Entities with joint control or significant influence £
2019	
Amounts receivable from related party	<u>32,766</u>
	Entities with joint control or significant influence £
2018	
Sale of goods	<u>2,199</u>
Amounts receivable from related party	<u>37,666</u>

Askern Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2019

Expenditure with and payables to related parties

	Entities with joint control or significant influence £
2019	
Leases	3,333
Amounts payable to related party	<u>143,238</u>

	Entities with joint control or significant influence £
2018	
Leases	133,603
Amounts payable to related party	<u>148,321</u>

Loans to related parties

	Entities with joint control or significant influence £
2019	
At start of period	<u>205,626</u>
At end of period	<u>205,626</u>

	Entities with joint control or significant influence £
2018	
At start of period	<u>205,626</u>
At end of period	<u>205,626</u>

Askern Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2019

Loans from related parties

	Entities with joint control or significant influence £
2019	
At start of period	48,600
Loan write off	<u>(47,600)</u>
At end of period	<u>1,000</u>
	Entities with joint control or significant influence £
2018	
At start of period	<u>48,600</u>
At end of period	<u>48,600</u>