Annual report and accounts 2019

100

1919-2019

dewhurst

Our global reach today

We are a global supplier of quality components to the lift, transport and keypad industries

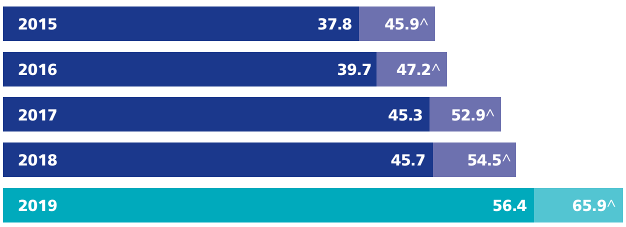
Contents

Financial highlights

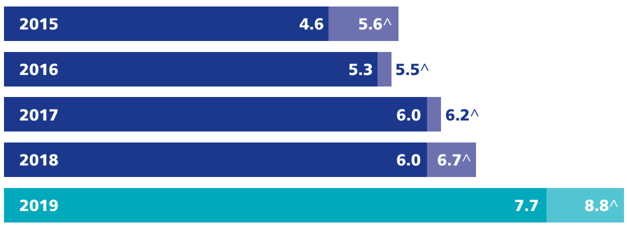
	2019	2018 (Restated)
Revenue – continuing	**56.4m**	45.7m
Revenue – discontinued	**9.5m**	8.8m
Operating profit* – continuing	**7.7m**	6.0m
Operating profit* – discontinued	**1.1m**	0.7m
Earnings per share (Restated)	**32.09p**	39.41p
Dividend per share	**13.00p**	12.50p

Reporting record results

Revenue £ million



Operating profit* £ million



Earnings per share (Restated) Pence

Dividend per share Pence

* Operating profit before goodwill write down, amortisation of acquired intangibles, gain on property disposal and GMP equalisation

† Includes special dividend of 3p per share

^ Total including discontinued operations

Chairman's statement

Richard Dewhurst
Chairman

Results

I am delighted to be able to report record sales and adjusted operating profit for the Group in this, our centenary year. Group sales for the year to 30 September 2019 increased 23.4% to £56.4 million on a continuing basis (2018: £45.7 million), with the benefit of a full year of sales from A&A Electrical Distributors (A&A). Adjusted operating profit before amortisation of acquired intangibles and exceptional pension costs was £7.7 million (2018: £6.0 million) and profit before tax was £5.2 million (2018: £5.3 million). These results, as required under IFRS, are presented on the basis of our continuing business only, with comparatives also adjusted to exclude the contribution from Thames Valley Controls Limited (TVC) which was sold on 30 September 2019. Further details regarding the contribution TVC made in our last year of ownership is provided in the Financial Review.

In addition to the above results we are reporting a profit on the sale of TVC of £6.0 million this year. £1.1 million of the proceeds has been transferred to the pension fund towards liabilities for TVC pension scheme members, with the balance being retained for future investment.

In local currencies the lift business in the UK was up significantly helped by a full years' contribution from A&A; North America was broadly flat overall with the US up but Canada down slightly after strong growth last year; and there was good growth across all our Australian businesses. Transportation business fell again during the year, but Keypads generated modest growth with a major customer increasing stock in preparation for a model changeover. Overall, currency movements have not had a material impact on reported sales this year.

With the continuing strength of the Group's performance we are proposing a 0.25 pence increase in the final dividend to provide a 0.5 pence increase for the year as a whole.

Operations and people

The biggest impact on people this year has been the sale of TVC. This required a considerable amount of work to get over the line and I would particularly like to thank Jared Sinclair and members of his team, Richard Young and David Dewhurst for their significant contributions and hard work on the project. Richard Young resigned as a Group Director on the completion of the sale. I have enjoyed working with Richard for more than 20 years and I would like to thank him for his leadership at TVC and contribution to the Group overall. I wish him and the team at TVC continuing success in the future.

We have also expended considerable resources and time on integrating A&A into our Group-wide processes and IT systems. We have made good progress on that integration, but further work remains to be done.

Overall however, these record results would not have been possible without the efforts of our staff, and I would like to both recognise and thank all the staff working for the Group during the year, including those at TVC, for their contribution to this year's success.

Staff from around the UK attended a dinner in the Flight Gallery at the Science Museum to celebrate our centenary in November.

Centenary

We completed our 100 years in business in November and are very proud of achieving that milestone. We marked the centenary with two events at the Science Museum in London for customers, staff and other stakeholders and by compiling a history of the business. The events were a fantastic celebration and a great opportunity for me to thank our staff and various stakeholders for their loyalty and support over the years. Reviewing the history was a fascinating journey through our archives and a lesson on the importance of being able to adapt to changes in the market. Clearly with digital disruption and climate change we are facing two very significant challenges that are not just going to change our market but the whole economic and physical environment. If we are to last another hundred years, our business, in common with others, is going to have to adapt its strategy to use the world's resources more sustainably. Change also brings opportunity and we will be looking to use our strengths and financial resources to capitalise on opportunities that we identify.

Outlook

Clearly it is challenging to look forward 100 years, but particularly at the moment where it is difficult to look forward just one year. We anticipate performance in the UK will be highly dependent on the result of the General Election and particularly on whether it produces a clear result that creates some certainty about our direction of travel or just prolongs the last three years' uncertainty. Overseas, in the USA the market still seems strong, but the Canadian market, particularly for lift modernisation, appears to be softening; in Australia the market seems steady, at least for the first half of the year. Regarding keypads, having gained this year from sales build up on a new model, we now envisage a reduction from the rundown in stock of the outgoing product line.

100 years of innovation

With the capabilities of modern CAD modelling systems we no longer need the large engineering drawing offices of 50 years ago.

100 years of Dewhurst

1919

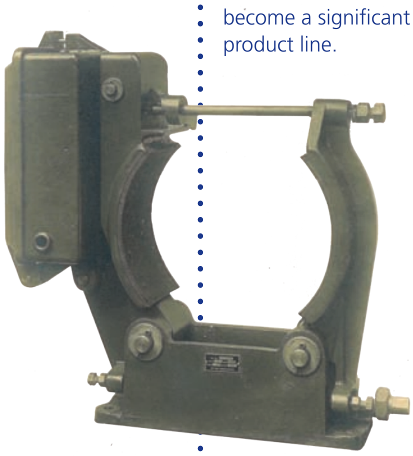
Founded by Melbourne Dewhurst (MD) and Howard Marryat (Chairman) in Hatton Garden.

1920s

Moved to Inverness Road in 1922, Murray Scott joins as director and shareholder.

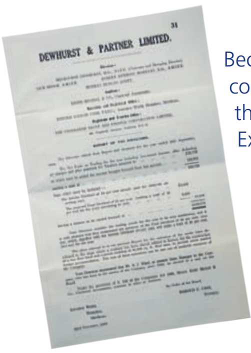
1930s

Continued to grow the business and extend the Inverness Road factory through the depression era, completing the redevelopment of the site by 1939.



1940s

Industrial brakes become a significant product line.


DEWHURST & PARTNER LIMITED.

Becomes a public company listed on the London Stock Exchange in 1948.

1950s

Major projects for control gear were delivered during this period, such as this 100ft long control panel for a refrigerated warehouse at Hay's Wharf, London.

However we struggled to keep up with the post war demand given the national shortage of resources.

Dupar Canada, first overseas company, established in 1958.

1960s

Alan Dewhurst takes over as Chairman on death of Melbourne Dewhurst in 1962.

Dewhurst staff and guests travel in a vintage open top bus to celebrate the Company's 50th anniversary in 1969.

Sir Horace Cutler, Leader of the Greater London Council, demonstrates the jumbo pushbutton which Dewhurst had designed for the new London Underground District line trains.

Started supplying keypads for bank ATMs.

Richard Dewhurst takes over as Chairman in 1991.

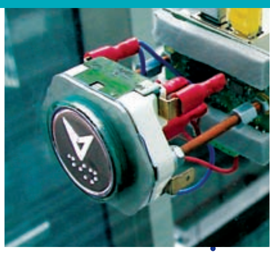
2000 saw our expansion into Australia with the purchase of ALC, the first of 5 acquisitions there.

We moved from Inverness Road, our base for 90 years, to new premises in Hampton Business Park in 2012.

1970s **1980s** **1990s** **2000s** **2010s** **2019**

Alan Dewhurst receives the Design Council award in 1975 from the Duke of Edinburgh for the US81 vandal resistant pushbutton.

Increased our focus on pushbuttons and introduced a number of product innovations: tactile and braille, laser cut legends, LED illumination.

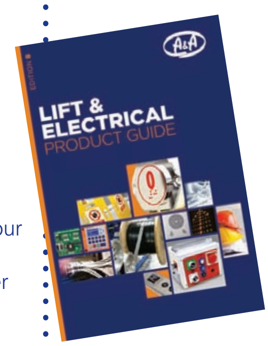


Compact pushbutton launched mid 1990s.

The innovative TMP Solar powered traffic bollard is introduced in 2007.

TVC Hall Call Despatch system launched.

In 2018 we purchased A&A, our largest acquisition to date; it has over 30,000 product lines available to customers.



Strategic report

David Dewhurst
Group Managing Director

Business review

The Group's principal activity in the year continued to be the manufacture of electrical components and control equipment for industrial and commercial capital goods. The Group maintained its position as a speciality supplier of equipment to Lift, Transport and Keypad sectors. A review of the Group's operations is provided below in operating highlights and in the Chairman's statement on page 2.

Key performance indicators

The Directors believe that the key financial performance indicators relevant to the Group are earnings per share, adjusted operating profit, profit before tax and total equity which are stated in the five-year review on page 13. The key non-financial performance indicators relevant to the Group are quality measures and on-time deliveries to our customers.

Operating highlights

As would be expected from a very strong year, the majority of Group companies performed well and exceeded last year's revenues. This year was A&A's first full year in the Group and it made a significant additional contribution albeit in line with management expectations.

The Group's overseas companies performed well on the whole, each reporting increased revenue apart from Dupar Controls (in Canada) where there has been a definite weakening in the modernisation market, which has held us back.

This has been a landmark year for Dewhurst as we have celebrated our centenary. We hosted a reception at the Science Museum attended by customers and other stakeholders, which was a very successful and fitting way to commemorate this special milestone. To have achieved 100 years in business is an achievement that we can all be very proud of. We are very grateful to all employees, past and present, in all our companies, who have played a part in reaching this landmark.

UNITED KINGDOM

Dewhurst UK Limited

Sales improved at Dewhurst UK as our drive to increase fixture sales gained momentum. The UK market was particularly strong with an increase in demand for infrastructure products, especially within the rail sector. We fulfilled our first order for signalisation of a new range of lifts for London Underground (LUL). We expect further orders over the coming years to support LUL's program to install lifts in all their surface stations.

Overseas we started delivery of fixtures for the first of 180 lifts for the new Riyadh Metro. This is a significant order for Dewhurst UK and the bulk of this contract will be delivered in the coming year.

We have also introduced a number of new products, primarily to add to our Lift Fixture offering. Our new Unity Fixture provides a low profile, modern and flexible solution for landing stations and car stations. We originally designed this for the Riyadh Metro project but have now launched it globally and it has been well received. We have also added to our Lift Indicator range with a number of new offerings based on glass designs.

Thames Valley Controls (TVC)

It is pleasing to report that in our final year of ownership of TVC, they continued the growth of the previous year and revenues increased significantly.

TVC has been an important part of the Dewhurst Group for over 25 years and it has been a pleasure to work with the team in Flint. The company is in a strong position with class leading controller products such as Ethos 2, where we have ensured that the product is easy to use by focusing on intuitive diagnostic, commissioning and configuration tools. Ethos Navigator is the only UK developed Hall Call Destination control system, which uses unique intelligence to deploy the lifts in the most efficient way possible. Monitoring products include CMS Anywhere, a web based remote monitoring system that enables you to manage your equipment at any time from anywhere.

However, as we reported in our announcement earlier this year, the cost and complexity of developing these new products is becoming increasingly onerous. Vantage Elevator Solutions, the new owner of TVC, have the resources and scale of business that will allow them better market leverage of required future development costs and that will benefit TVC's ongoing growth.

We will continue to work with TVC on a number of joint collaborations and I would like to join the Chairman in thanking the staff of TVC for all their hard work and wish them all the best for the future as part of the Vantage group.

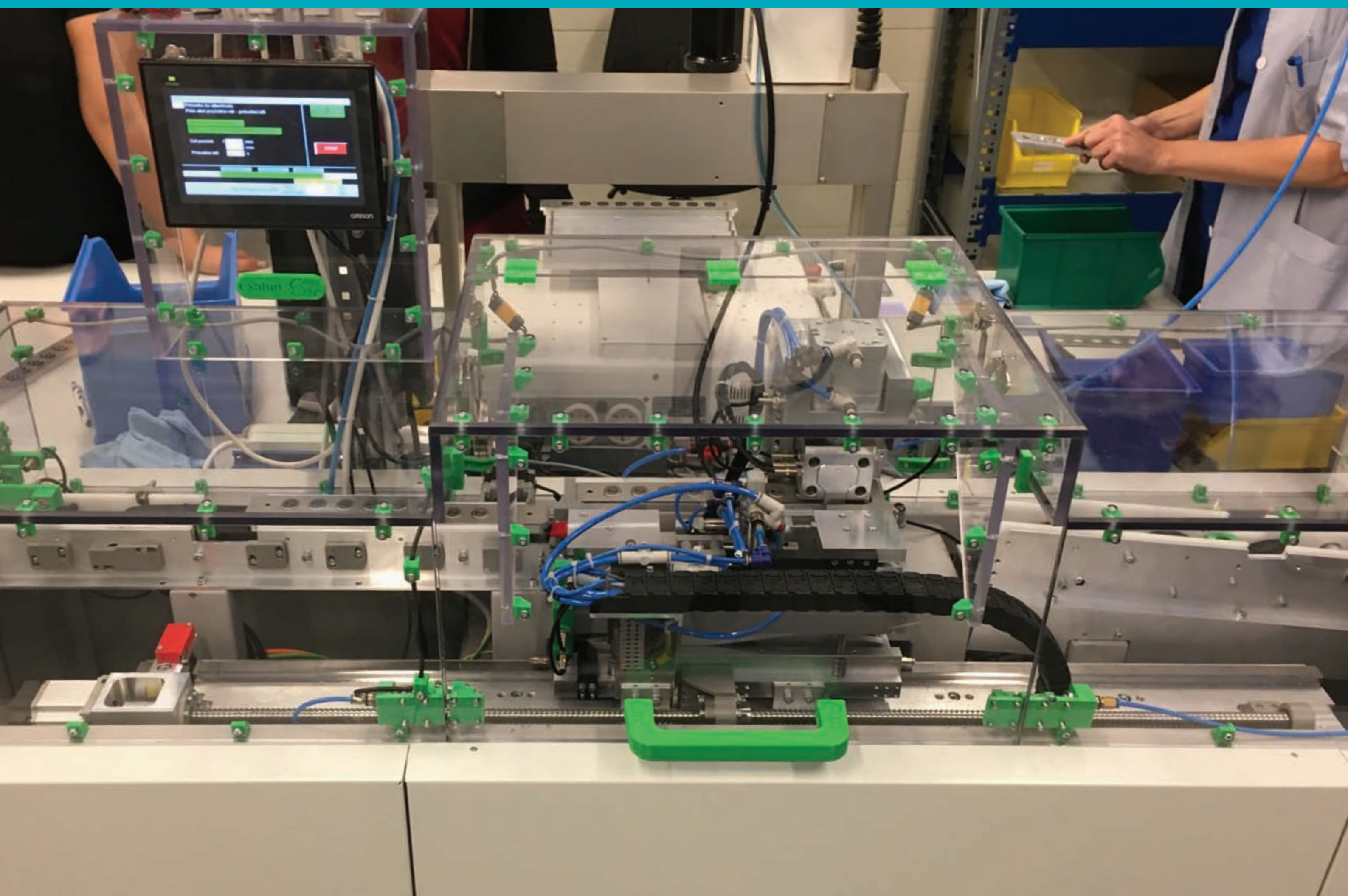
Traffic Management Products (TMP)

We had a particularly difficult first half of the year at TMP, when revenues were especially soft. At the same time the team at Wednesbury still had a great deal of work to do at the new factory, ensuring that the plant was running efficiently, refining the manufacturing and assembly processes and establishing new Health & Safety and Quality procedures.

There had been a greater turnover of sales staff at TMP than is ideal and the new sales team needed to restore contacts throughout the industry. Such activities take time but in the second half of the year there were definite signs this work was beginning to pay dividends. We are optimistic this will lead to strengthening sales in the coming year.

100 years of manufacturing

At its peak our workforce was over 700, but with modern automated assembly we can generate greater output more efficiently.



We have recently launched a new addition to our range of 'Evo' self-righting bollards. The new 'Evo Max' has more depth than a standard bollard and therefore delivers maximum visibility at any angle, making it an ideal bollard to use at road junctions.

A&A Electrical Distributors (A&A)

A&A completed their first full year as part of the Dewhurst Group and it has been a pleasure to get to know the team. Sales and profits were broadly in line with our expectations and the management team have worked hard to ensure that the handover has gone smoothly and any customer impact from the acquisition minimised. Customer service is absolutely critical at A&A and John Bailey and his team are focused on maintaining and improving that aspect of the business.

The roll out of new products is also very important to the business and this year we have launched a new LED shaft lighting system that will be a key product for us in the future. The product was launched at Liftex 2019, which is the UK's Lift Industry exhibition and takes place every three years. It was fortuitous that the exhibition was held in our centenary year and we had a major presence at the exhibition with A&A, TVC and Dewhurst UK all exhibiting. The exhibition was well attended and provided an excellent shop window for Dewhurst Group companies.

In the summer we also transitioned A&A from its previous ERP system to the system that is used across the rest of the Dewhurst Group. Any change of ERP system is always a challenge and the team at A&A did an excellent job in ensuring that any disruption was kept to a minimum.

EUROPE

Dewhurst Hungary

Sales throughout the year for our keypad products were quite strong. Our major customer had suffered a slowdown in ATM sales in the previous year but this year sales of their ATMs recovered, and we have seen the benefit of this with improved keypad sales.

Towards the end of the year, demand for the next generation of keypads gained traction and Dewhurst Hungary have done a very professional job in managing the transition from old product to new.

NORTH AMERICA

Dupar Controls

Revenues weakened slightly at Dupar due to a softening of the modernisation market in Canada, that in turn, had an impact on profits. Demand for fixtures for new installations continued to be strong and the longer-term outlook remains encouraging.

Earlier in the year we secured a new site in Kitchener, very close to our existing factory and we have signed a contract with our chosen contractor to build a new 52,000 sq. ft manufacturing facility. This new facility is significantly larger than our current one and should provide an excellent home for Dupar for the foreseeable future.

Dupar has always been at the forefront of driving efficiencies through improved front end processes and this year they have introduced a new software solution for production planning to provide greater visibility of progress through the manufacturing process.

Elevator Research & Manufacturing (ERM)

The team at ERM had another good year in which they have continued their progress in turning the business around. Fixture sales grew by 20% as customers returned to ERM on the back of the excellent customer service that they are now providing. Profits, although still relatively modest, grew significantly from the previous financial year.

The market in California remains strong and we look forward to another year of progress.

AUSTRALIA & ASIA

Australian Lift Components (ALC)

Sales at ALC grew significantly as we really started to see the benefits of having a local sales engineering presence in both Brisbane and Melbourne. There was also an increase in the number of joint projects we secured with P&R Lift Cars for both car interiors and fixtures.

ALC are beginning to do a reasonable amount of metal fabrication work for P&R and to support this, we purchased a new Amada Brake Press, which will significantly improve the accuracy of our folds and also the length of material that can be folded.

P&R Lift Cars (P&R)

This has been another good year for P&R as demand for their high-end lift interiors continues to increase. They have an enviable reputation for the quality of their work and for the service they provide.

Given this continuing growth of P&R, we have taken the opportunity to strengthen the senior management team during the year to ensure it is able to continue to manage this expansion.

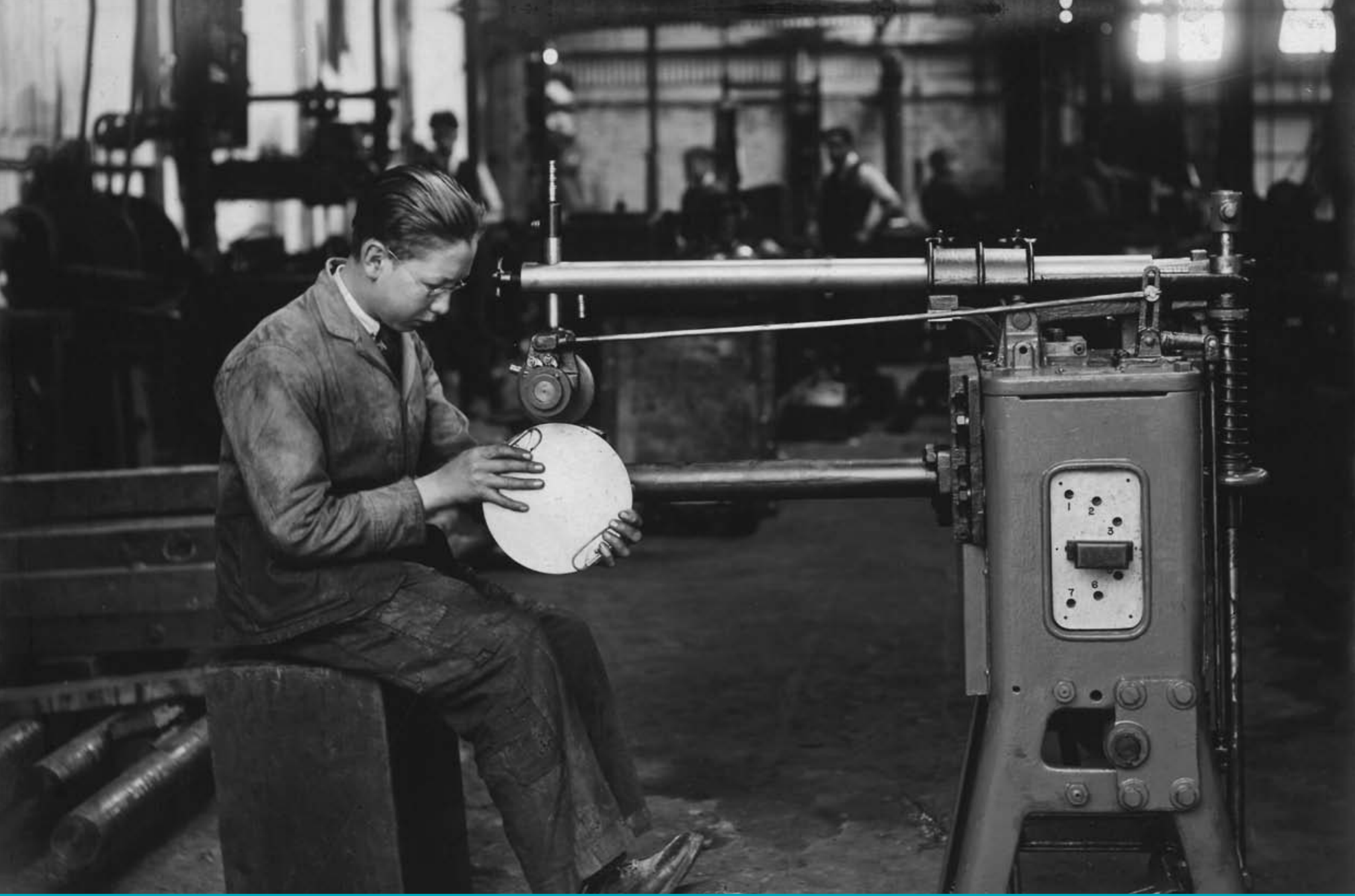
Lift Material

Sales continued to grow this year at Lift Material. Once again it was the Escalator division that led the way, with growth in revenues of over 30% which is a great achievement.

The escalator component parts tend to be quite bulky and this is the sector of the business that has seen the strongest growth. As a consequence, we have found ourselves becoming increasingly short of space. To protect ourselves from spiralling rents in Sydney, we have taken the opportunity to purchase a 20,000 sq. ft unit in Botany which is a good location for Lift Material. This unit should meet our needs for space for the foreseeable future as well as ensuring that we are in a prime locality for the business needs.

Dual Engraving (Dual)

Dual revenues increased above expectations this year as the Perth market recovered, following a couple of quieter years.



100 years of training

From the early days the company trained significant numbers of apprentices and that commitment to training and development continues today.

The team at Dual visited P&R earlier in the year and were able to see the significant efficiency gains they were deriving from their CNC router. The decision was therefore made to purchase a CNC machine for Dual and we expect delivery early in the new year. This should help improve their capacity over the coming years.

Dewhurst Hong Kong

We welcome Feona Lai as the new General Manager of Dewhurst Hong Kong and we wish her well in her new role.

Sales grew slightly during the year but the current political unrest in the region is having an impact on all businesses and ours is no exception. Many projects are being put temporarily on hold and the first half of next year is expected to be challenging.

Approved and signed on behalf of the Board

Principal risks and uncertainties

RISK	IMPACT	MITIGATION
Operational		
Brexit. The uncertainty around the ultimate relationship between the UK and the EU and how this will impact business in the UK and trade flowing in and out of the UK.	Possible fall in sales, an inability to plan effectively as a business and the potential for operations to incur additional costs through tariffs and transport delays.	Those businesses that import into the UK have increased their inventory levels and our overseas companies that import from the UK have done the same. However this can only cover any disruption for a limited period and we will have to do our best to react to events as they unfold.
Business Control. The geographically diverse nature of our business means that many subsidiary companies are remote from our senior management.	Reduction in control and increased risk on individual subsidiary's performance.	We aim to strike a balance between autonomy and responsibility of the local management. Senior management generally visit all subsidiaries regularly to maintain senior contact directly with the business. We operate the same IT system across the business so that information flow is controlled and managed centrally.
Loss of a key customer. Because the Group tends to operate in niche markets there are limited numbers of major customers in some of these markets.	Reduced sales and reduced profits.	We aim to provide key customers with excellent products and service at a competitve price. We closely monitor our performance with these customers to ensure we are meeting the objectives.
Problems at a key supplier.	Inability to maintain required service levels.	Where necessary we dual source and/or hold strategic stocks of particularly time critical key components.
Technological change reducing demand for the Group's products. Our products are primarily human machine interfaces. These are subject to significant technological change at present. New ways of interacting with machines are constantly being developed. Also there is a trend towards electronic payments, which reduces the demand for cash and thus for cash machines.	Reduced sales and reduced profits.	We monitor our markets for innovations and endeavour to ensure we retain a competitive offering for our customers, supported by an active product development programme.
Financial		
The Group operates a defined benefit pension scheme in the UK. This is subject to risks in relation to liabilities caused by changes in life expectancy and inflation. It is also subject to risks regarding the value of and return on investments.	Potential impact on the balance sheet and on cash flow.	The UK defined benefit schemes were closed to new future accrual on 30 September 2010. Our investment strategy is designed to diversify risk and reduce volatility. A proportion of the liabilities are covered by Liability Driven Investments which more closely match the movements in the values of liabilities.
Being an international Group, foreign currency is our most significant treasury risk.	Changes in foreign currencies can have a significant impact on profit performance.	Our wide international spread reduces risk to individual markets but inevitably increases exchange rate risks. We aim to minimise holdings of non-functional currencies at companies around the Group, unless there are specific reasons. The Group does not hedge operating profits.

100 years of delivery

Our commitment to customer service and dependability is as strong as ever, but we now distribute our products all around the world.

Financial review

Jared Sinclair
Finance Director

Trading results

The Group continued its upward trend with another year of record sales and profits. This was supported by a full year of sales from A&A Electrical Distributors (A&A) which last year included only four months of trading. In addition, the Australian east coast companies saw considerable organic growth in local terms with all these subsidiaries again reporting record sales.

Although a significant proportion of the Group's revenue and profits are generated and held in foreign currency, foreign exchange retranslation had a negligible impact on the reporting performance of the Group this year with like-for-like revenue and profit before tax impacted by less than 0.5% each.

Overall, reported revenue from continuing operations increased by 23.4% to £56.4 million (2018: £45.7 million) and adjusted operating profit (before acquired intangible amortisation and the pension GMP equalisation charge, explained below) increased by 28.1% to £7.7 million (2018: £6.0 million).

Solid cash position

Cash returned to a very healthy balance, assisted by the completion of the sale of TVC on the last day of the year. The proceeds from the sale, net of TVC's cash in the business and transaction costs, amounted to £7.5 million (see note 25). During the year, the Group spent £2.7 million (A$4.8 million) on a property for Lift Material as well as £1.2 million (C$2.0 million) on land for Dupar Controls to develop. The Group ended the year with cash of £17.0 million, up £7.6 million from £9.4 million in 2018.

On 20 August 2019, the Board authorised the capital expenditure for Dupar Controls to start development on its new site. The building is expected to cost £4.8 million (C$7.6 million) and take about a year from breaking ground which is imminent. We plan to market the existing factory for sale next year.

The Group started and finished the year with no borrowing or bank overdraft facility.

Pension scheme deficit

It is disappointing to report that despite the pension scheme assets outperforming expectation by £3.3 million and the Company paying in a total of £2.5 million contributions, the scheme deficit increased by £3.0 million to £10.6 million in 2019 (2018: £7.6 million). The Company's contribution this year included a one-off payment of £1.1 million as a condition of a Flexible Apportionment Arrangement (FAA) to transfer TVC's defined benefit pension scheme obligations to Dewhurst plc before it was sold.

The two key adverse factors which outweighed these gains were firstly the liability discount rate which dropped significantly in September 2019 to 1.80% (2018: 2.85%), causing the pension liabilities to increase by £8.9 million. The second was a one-off charge of £0.6 million arising from the requirement to equalise guaranteed minimum pensions (GMP) following a High Court ruling in October 2018. It was held by the Court that pension schemes which were historically contracted out of state earnings related pensions (SERPS) had a disparity of benefits available to men and women and that there was an obligation to equalise benefits as far back as 1990.

A more detailed analysis of the retirement benefit fund assets and liabilities movements is reported in note 21 and all recommendations made by the scheme's actuary to eliminate the scheme deficit within an agreed timeframe have been fully implemented.

Capital management and treasury policy

The Group defines capital as total equity plus net debt. The objective is to maintain a strong and efficient capital base to support the Group's strategic objectives, provide optimal returns for Shareholders and safeguard the Group's assets and status as a going concern. The Group is not subject to externally imposed capital requirements and the Group's philosophy is to have minimal or no borrowing where possible.

The Group seeks to reduce or eliminate financial risk to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The policies and procedures operated are regularly reviewed and approved by the Board. By varying the duration of its fixed and floating cash deposits, the Group maximises the return on interest earned.

The Group continues to hedge foreign currencies internally where possible and does not use derivatives in the form of foreign exchange contracts to manage its currency risk, as reported in note 24.

Dividends

Dividends are accounted for when paid or approved by Shareholders, and not when proposed, therefore the proposed final dividend for 2019 has not been accrued at the end of the reporting period. The total dividend for 2019 of 13.0p per share is 4.0% higher than 2018 and is covered 2.8 times by 'continuing' earnings. Total equity improved from £37.0 million to £42.7 million, primarily as a result of a strong trading performance in the year and cash from the sale of TVC despite the £3.0 million increase in the pension deficit referred to above.

Following a share repurchase, there was a reduction in the number of allotted shares during the year, and these have been fully reported in the Report of the Directors on page 17.

9 December 2019

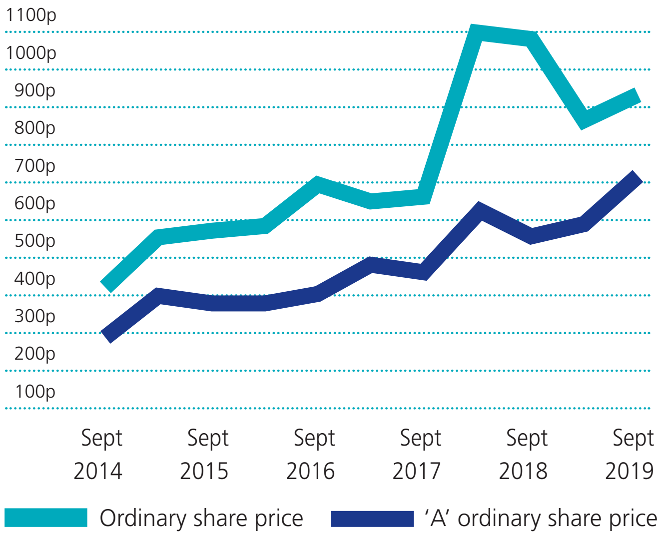
Group key performance indicators

	2015 £'000	2016 £'000	2017 £'000	2018 £'000	**2019 £'000**
Revenue – continuing	37,799	39,666	45,280	45,730	**56,446**
Revenue – discontinued	8,147	7,493	7,610	8,780	**9,487**
	45,946	47,159	52,890	54,510	**65,933**
Adjusted operating profit* – continuing	4,587	5,303	6,007	6,013	**7,700**
Adjusted operating profit* – discontinued	1,001	199	237	730	**1,077**
	5,588	5,502	6,244	6,743	**8,777**
Profit before taxation – continuing	4,317	4,886	5,729	5,253	**5,244**
Profit before taxation – discontinued	1,001	199	237	730	**1,077**
	5,318	5,085	5,966	5,983	**6,321**
Taxation – continuing	1,016	1,598	1,347	1,710	**2,149**
Taxation – discontinued	(14)	(21)	(2)	13	**(10)**
	1,002	1,577	1,345	1,723	**2,139**
Profit after taxation – continuing	3,301	3,288	4,382	3,543	**3,095**
Profit after taxation – discontinued	1,015	220	239	717	**7,079**
	4,316	3,508	4,621	4,260	**10,174**
Total equity	24,570	25,258	31,893	37,008	**42,680**
EPS^ – continuing and discontinued	50.21p	40.75p	52.65p	47.93p	**116.23p**
EPS^ – continuing	40.02p	38.18p	49.81p	39.41p	**32.09p**
Dividends per share	13.00p	11.00p	12.00p	12.50p	**13.00p**
Defective parts per million	n/a	3,241	1,236	1,525	**1,932**
On time delivery (%)	n/a	90%	92%	90%	**90%**

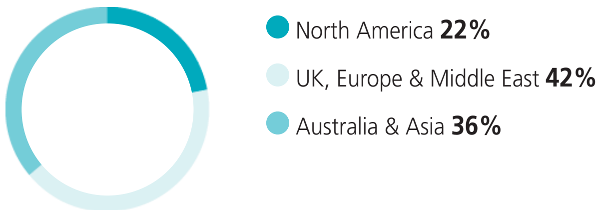
* Operating profit before goodwill write down, amortisation of acquired intangibles, gain on property disposal and GMP equalisation

^ Earnings per share (EPS) – basic and diluted

Shareholders' return



Sales by region



Employees by region

Board of directors

Richard Dewhurst BA (Eng Sc), ACMA R

Chairman
Age 63. Joined in 1985.
Previously with Ford Motor Co, Ernst & Whinney, Senior Management Consultant.

David Dewhurst BSc (Elec Eng)

Group Managing Director
Age 58. Joined in 1987.
Previously with Holmes & Marchant plc.

Jared Sinclair BSc, ACA

Finance Director & Company Secretary
Age 49. Joined in 1997.
Previously with Moores Rowland, Chartered Accountants, Audit Senior.

Richard Young BSc, MBA, CEng, FIET

Managing Director, Thames Valley Controls Ltd
Age 63. Joined in 1996.
Previously with MBM Technology Ltd, Director and General Manager.

John Bailey

Managing Director, A&A Electrical Distributors Ltd
Age 49. Joined in 2008.
Previously with Brett Landscaping & Building Products, Commercial Director.

Peter Tett MA, MSc A R

Non-executive Director
Age 80. Joined in 2000.
Previously with Halma plc, Director.

Alan Warren

Non-executive Director
Age 62. Joined in 2018.
Previously with A&A Electrical Distributors Ltd, Director.

Committee membership
Remuneration committee
Meets once per year
R Chairman R Member

Audit committee
Meets twice per year
A Chairman

Opposite page

Above A board meeting from 1983.
Left to right: Keith Bossard (Sales Director), Jack Slatter (Production Director), Alan Dewhurst (Chairman), Neville Turner (Engineering Director), Colin Johnson (Managing Director).

Below
Left to right: David Dewhurst, Peter Tett, John Bailey, Alan Warren, Jared Sinclair, Richard Dewhurst.

100 years of management

The management team has changed over the years, but the values have remained constant and stability has been provided by our significant family shareholding.

Chairman's corporate governance statement

The Board of Directors of Dewhurst believe that good corporate governance is a central element of the successful growth and development of the Group. The Board and its Committees play a key role in the Group's governance by providing an independent perspective to the senior management team, and by seeking to ensure that an effective system of internal controls and risk management procedures is in place. Below describes our corporate governance structures and processes which are reviewed regularly and at least annually.

AIM Rule 26 from 28 September 2018 requires companies to report against an adopted corporate governance code. Dewhurst's Board considers that the QCA Corporate Governance Code (QCA Code) is the most suitable framework for smaller public companies and, consequently, formally adopted the QCA Code during its financial year ended 30 September 2018.

The Board ensures that the Company adopts proper standards of corporate governance and, where appropriate, the principles of best practice as set out in the QCA Code. Set out on our website (www.dewhurst.plc.uk) and below is a summary of how the Company is applying the key requirements of the Code.

The Board comprises persons from technical and professional qualified backgrounds ensuring there are the appropriate skills and capabilities to perform their duties. These are maintained through continuing professional development, in-house training and regular courses to ensure they are up-to-date. In addition the Directors commit all the time necessary to fulfil their roles and there are processes in place enabling Directors to take independent advice at the Company's expense in the furtherance of their duties and to have access to the advice and services of the Company Secretary.

The Board considers its Non-executive Directors to be independent in character and judgement; however none are technically independent as defined by the Code.

The full Board met nine times this year and deals with all important aspects of the Group's affairs. During the year Mr A Warren was unable to attend three executive meetings, Mr D Dewhurst one meeting and Mr P Tett one meeting.

Formal Executive Director performance evaluations are conducted annually through appraisals. Each Non-executive Director's performance is evaluated as an outcome of the formal performance evaluations of the Committee(s) of which they are a member.

Annual performance evaluations of both Executive Directors and Non-executive Directors (via Committee evaluation) identify and record achievements and areas for improvement in relation to annual objectives and performance of their role, in order to consider effectiveness. Objectives for the forthcoming year are defined along with identification of how achievements will be met, target dates and details of resource constraints or issues to ensure that actions are planned and taken as a result of the evaluation process. These objectives and the performance of the Director are monitored monthly through formal meetings with the Chairman or Group Managing Director.

The Committees conduct a self-assessment of their performance during the year, measuring their performance against their Terms of Reference. The Audit committee risks and concerns are reported in the body of the audit report, particularly the audit approach and key audit matters as detailed on pages 45 to 49.

In light of the size of the Board, the Board do not consider it necessary to establish a Nomination committee. All members of the Board participate in the recruitment of members to the Board. The Remuneration committee does not produce a formal report. The Remuneration committee considers Directors' remuneration based on market conditions, Group values and business objectives. We seek to set remuneration that is competitive and motivational whilst consistent with our values. Bonuses for Directors are based on profit and growth in profit and some Directors also have bonuses based on achieving individual personal objectives.

Report of the directors

The Directors present their Annual Report on the affairs of the Group together with the financial statements and Auditor's Report for the year ended 30 September 2019.

Results and dividends

The profit for the year, after taxation, amounted to £10.2 million (2018: £4.3 million).

A final dividend on the Ordinary and 'A' non-voting ordinary shares of 9.25p per share (2018: 9.00p) for the financial year ended 30 September 2019 will be proposed at the Annual General Meeting (AGM) to be held on 18 February 2020. If approved, this dividend will be paid on 26 February 2020 to members on the register at 17 January 2020. The ex-dividend date will be 16 January 2020.

An interim dividend of 3.75p per share (2018: 3.50p) was paid on 20 August 2019.

A final dividend on the Ordinary and 'A' non-voting ordinary shares of 9.00p per share (2017: 8.50p) which amounted to £758k (2017: £716k) for the financial year ended 30 September 2018 was approved at the AGM held on 5 February 2019 and was paid on 13 February 2019 to members on the register at 17 January 2019.

Share repurchases

On 25 January 2019 the Company purchased 16,000 of its own 'A' non-voting ordinary 10p shares for £81,600. At the time of purchase these shares amounted to 0.19% of the called up share capital of the Company and have been cancelled.

Details of shares purchased have been notified to the London Stock Exchange and to the Registrar of Companies.

Directors

The members of the Board during the year were:
Mr R M Dewhurst (Chairman)
Mr D Dewhurst (Group Managing Director)
Mr J C Sinclair
Mr J Bailey
Mr R Young – resigned 30 September 2019
Mr P Tett (Non-executive)
Mr A Warren (Non-executive)

The Directors retiring by rotation at this year's Annual General Meeting are Mr J Sinclair and Mr J Bailey who, being eligible, offer themselves for re-election. The unexpired period of Mr J Sinclair and Mr J Bailey's service agreement is less than one year.

During the year and at the date of approval of the accounts, the Group maintained liability insurance for all Directors.

Substantial shareholdings

At 22 November 2019, the Company had been advised of the following beneficial interests in excess of 3% of the Ordinary voting share capital (other than the holdings shown under Directors' share interests).

Mrs V E Dewhurst	651,000
Fidelity NorthStar Fund	201,300
Mrs B Bruce	190,208
Ms E Dewhurst	175,333
Mr J H Ridley	138,500
Mr I Scott	110,000

At the same date the register shows interests in excess of 3% of the 'A' non-voting ordinary share capital (other than Directors' holdings) of:

Mrs V E Dewhurst	518,000
JIM Nominees Ltd	449,198
MI Discretionary Unit Fund	330,000
Pershing Nominees Ltd	287,000
Hargreaves Lansdown Nominees Ltd (VRA acct)	261,381
Interactive Investor Services Nominees Ltd	261,021
Vidacos Nominees Ltd	248,500
Hargreaves Lansdown Nominees Ltd (15942 acct)	182,177
Mr J H Ridley	153,100

Employee involvement

Meetings, chaired by Managing Directors, are held with employee representatives. The financial position and prospects of the Company are discussed together with details of investment and changes in facilities which are planned by management. Opportunity is given at the meetings to question senior executives about matters which concern the employees.

Health and safety

Regular attention is given to health and safety with all reasonable precautions taken to provide and maintain safe working conditions for both employees and visitors alike, which comply with statutory requirements and appropriate codes of practice. In order to minimise the instances of occupational accidents and illnesses detailed policies and risk improvement programmes are regularly updated.

Report of the directors

Directors' share interests

The table below sets out the names of the persons who were Directors of the Company during the financial year ended 30 September 2019 together with details of their own and their families' beneficial interests in the shares of the Company at that date and corresponding details at 30 September 2018.

	30 September 2019		30 September 2018	
	Ordinary shares	**'A' ordinary shares**	Ordinary shares	'A' ordinary shares
Mr R M Dewhurst	**492,333**	**123,666**	492,333	123,666
Mr D Dewhurst	**419,595**	**69,932**	419,595	69,932
Mr J C Sinclair	**1,000**	**–**	1,000	–
Mr R Young	**1,000**	**–**	1,000	–
Mr J Bailey	**1,000**	**–**	1,000	–
Mr P Tett	**1,000**	**–**	1,000	–
Mr A Warren	**7,936**	**9,090**	7,936	9,090

At 30 September 2019 and 30 September 2018 there were no share options allocated to the Directors. During the financial year no Director was materially interested in any contract which was significant to the Group's business.

Directors' remuneration

The remuneration of the Directors is shown below:

	Salary £(000)	Bonus and fees £(000)	Benefits £(000)	Pension in kind £(000)	**2019 Total £(000)**	2018 Total £(000)
Continuing operations						
Executive Directors:						
Mr R M Dewhurst	128	303	3	–	**434**	258
Mr D Dewhurst	134	267	4	–	**405**	239
Mr J C Sinclair	109	97	–	13	**219**	153
Mr J Bailey (from 4 June 2018)	135	54	–	–	**189**	63
Non-executive Directors:						
Mr J Bailey (up to 4 June 2018)	–	–	–	–	**–**	15
Mr P Tett	20	–	–	–	**20**	20
Mr A Warren	20	–	–	–	**20**	6
	546	721	7	13	**1,287**	754
Discontinuing operations						
Executive Directors:						
Mr R Young	117	94	–	10	**221**	159

Employment policies

The Group is committed to ensuring that:

- All employees are treated fairly and equally irrespective of gender, ethnic origin, religion, nationality, marital status, sexuality or disability.
- The working environment is conducive to achievement and free from sexual harassment and intimidation.
- Full and fair consideration is given to the employment of disabled persons, having regard to their particular aptitudes and abilities. Wherever possible, continuing employment is provided for employees who become disabled with appropriate arrangements for re-training being made where necessary.
- The Group has a development policy committing it to the training and continuous development of its employees to develop their full potential and to achieve a more flexible and skilled workforce. Dewhurst plc, the Company, achieved IiP (Investors in People) status which was awarded in January 2002 and has since been successfully re-appraised on several occasions.

Research and development

The Group continues to invest in research and development programmes for new products as well as new processes and technologies to improve overall operational effectiveness.

Financial risks

The Group seeks to reduce or eliminate financial risk to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. These risks are further reported in the principal risks and uncertainties within the Strategic Report, the financial review and in note 24.

Going concern

Positive steps to develop sales, control costs and maintain a strong cash balance have been taken by management to ensure the Company has adequate resources to continue in operational existence for the foreseeable future, therefore the Directors continue to adopt a going concern basis in preparing the financial statements.

Auditor

The current Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Group's Auditor for the purposes of the audit and to establish that the Auditor is aware of that information. The Directors are not aware of any relevant audit information of which the Auditor is unaware.

A resolution will be proposed at the Annual General Meeting to re-appoint Jeffreys Henry LLP as the Company's Auditors and to authorise the Directors to determine their remuneration.

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS). 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 the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

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

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

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

By order of the Board

Jared Sinclair
Secretary

9 December 2019

Consolidated financial statements

Consolidated statement of comprehensive income

For the year ended 30 September 2019	Notes	2019 £(000)	2018 (Restated)[1] £(000)
Continuing operations			
Revenue	2	**56,446**	45,730
Operating costs	3	**(51,052)**	(40,272)
Adjusted operating profit*		**7,700**	6,013
Pension charge – GMP equalisation	21	**(639)**	–
Amortisation of acquired intangibles	11	**(1,667)**	(555)
Operating profit		**5,394**	5,458
Finance income	5	**34**	86
Finance costs	6	**(184)**	(291)
Profit before taxation		**5,244**	5,253
Taxation	7	**(2,149)**	(1,710)
Profit from continuing operations		**3,095**	3,543
Discontinued operations			
Profit and gain from discontinued operations (net of tax)	25	**7,079**	717
Profit for the period	8	**10,174**	4,260
Other comprehensive income:			
Actuarial gains/(losses) on the defined benefit pension scheme	21	**(4,559)**	3,080
Deferred tax effect		**775**	(524)
Tax on items taken directly to equity		**314**	140
Total that will not be subsequently reclassified to income statement		**(3,470)**	2,696
Exchange differences on translation of foreign operations		**308**	(727)
Total that may be subsequently reclassified to income statement		**308**	(727)
Other comprehensive income/(expense) for the year, net of tax		**(3,162)**	1,969
Total comprehensive income for the year		**7,012**	6,229
Profit for the year attributable to:			
Equity Shareholders of the Company		**9,780**	4,039
Non-controlling interests		**394**	221
		10,174	4,260
Total comprehensive income for the year attributable to:			
Equity Shareholders of the Company		**6,620**	6,070
Non-controlling interests		**392**	159
		7,012	6,229
Basic and diluted earnings per share	9	**116.23p**	47.93p
Basic and diluted earnings per share – continuing operations	9	**32.09p**	39.41p

* Operating profit before amortisation of acquired intangibles and pension GMP equalisation (see Financial review)

[1] The prior period income statement and all relevant notes have been restated to reflect the impact of treating Thames Valley Controls Ltd as a discontinued operation (see note 25)

The notes on pages 24–41 form part of these financial statements

Consolidated statement of financial position

At 30 September 2019	Notes	**2019 £(000)**	2018 £(000)
Non-current assets			
Goodwill	10	**9,719**	8,598
Other intangibles	11	**2,831**	4,510
Property, plant and equipment	12	**13,225**	9,271
Deferred tax asset	19	**2,198**	1,639
		27,973	24,018
Current assets			
Inventories	14	**6,010**	6,279
Trade and other receivables	15	**10,993**	13,920
Cash and cash equivalents	16	**16,980**	9,440
		33,983	29,639
Total assets		**61,956**	53,657
Current liabilities			
Trade and other payables	17	**8,180**	8,185
Current tax liabilities		**249**	532
Short-term provisions	18	**277**	304
		8,706	9,021
Non-current liabilities			
Retirement benefit obligation	21	**10,570**	7,628
Total liabilities		**19,276**	16,649
Net assets		**42,680**	37,008
Equity			
Share capital	20	**841**	842
Share premium account		**157**	157
Capital redemption reserve		**296**	295
Translation reserve		**2,274**	1,964
Retained earnings		**37,847**	32,693
Total attributable to equity Shareholders of the Company		**41,415**	35,951
Non-controlling interests		**1,265**	1,057
Total equity		**42,680**	37,008

The financial statements were approved by the Board of Directors and authorised for issue on 9 December 2019 and were signed on its behalf by:

Richard Dewhurst Chairman

Jared Sinclair Finance Director

Company Registration Number:160314

Consolidated statement of changes in equity

For the year ended 30 September 2019	Share capital £(000)	Share premium account £(000)	Capital redemption reserve £(000)	Translation reserve £(000)	Retained earnings £(000)	Non controlling interest £(000)	Total equity £(000)
At 30 September 2017	842	157	295	2,629	26,969	1,001	31,893
Exchange differences on translation of foreign operations	–	–	–	(665)	–	(62)	(727)
Actuarial gains/(losses) on defined benefit pension scheme	–	–	–	–	3,080	–	3,080
Deferred tax effect	–	–	–	–	(524)	–	(524)
Tax on items taken directly to equity	–	–	–	–	140	–	140
Dividends paid	–	–	–	–	(1,011)	(103)	(1,114)
Profit for the year	–	–	–	–	4,039	221	4,260
At 30 September 2018	**842**	**157**	**295**	**1,964**	**32,693**	**1,057**	**37,008**
Share repurchase	**(1)**	**–**	**1**	**–**	**(82)**	**–**	**(82)**
Exchange differences on translation of foreign operations	**–**	**–**	**–**	**310**	**–**	**(2)**	**308**
Actuarial gains/(losses) on defined benefit pension scheme	**–**	**–**	**–**	**–**	**(4,559)**	**–**	**(4,559)**
Deferred tax effect	**–**	**–**	**–**	**–**	**775**	**–**	**775**
Tax on items taken directly to equity	**–**	**–**	**–**	**–**	**314**	**–**	**314**
Dividends paid	**–**	**–**	**–**	**–**	**(1,074)**	**(184)**	**(1,258)**
Profit for the year	**–**	**–**	**–**	**–**	**9,780**	**394**	**10,174**
At 30 September 2019	**841**	**157**	**296**	**2,274**	**37,847**	**1,265**	**42,680**

The notes on pages 24–41 form part of these financial statements

Consolidated cash flow statement

For the year ended 30 September 2019	Notes	2019 £(000)	2018 £(000)
Cash flows from operating activities			
Operating profit – continuing operations		**5,394**	5,458
Operating profit – discontinued operations	25	**1,077**	730
Operating profit		**6,471**	6,188
Depreciation and amortisation		**2,857**	1,572
Contributions to pension scheme, net of administration fee & GMP equalisation costs		**(1,800)**	(1,331)
Exchange adjustments		**111**	(155)
(Profit)/loss on disposal of property, plant and equipment		**(13)**	36
		7,626	6,310
(Increase)/decrease in inventories		**(838)**	(487)
(Increase)/decrease in trade and other receivables		**888**	(3,909)
Increase/(decrease) in trade and other payables		**617**	2,618
Increase/(decrease) in provisions		**46**	(22)
Cash generated from operations		**8,339**	4,510
Interest paid		**(1)**	(3)
Tax paid – continuing operations		**(1,921)**	(1,257)
Tax paid – discontinued operations	25	**10**	(13)
Tax paid		**(1,911)**	(1,270)
Net cash from operating activities		**6,427**	3,237
Cash flows from investing activities			
Acquisition of business and assets		**–**	(9,525)
Proceeds on disposal of a subsidiary (net of cash disposed)	25	**7,514**	–
Proceeds from sale of property, plant and equipment		**57**	43
Purchase of property, plant and equipment	12	**(5,233)**	(1,161)
Development costs capitalised		**(41)**	(29)
Interest received		**34**	86
Net cash generated from/(used in) investing activities		**2,331**	(10,586)
Cash flows from financing activities			
Dividends paid	9	**(1,258)**	(1,114)
Purchase of own shares		**(82)**	–
Net cash used in financing activities		**(1,340)**	(1,114)
Net increase/(decrease) in cash and cash equivalents		**7,418**	(8,463)
Cash and cash equivalents at beginning of year	16	**9,440**	18,087
Exchange adjustments on cash and cash equivalents		**122**	(184)
Cash and cash equivalents at end of year	16	**16,980**	9,440

The notes on pages 24–41 form part of these financial statements

Notes to the accounts

Note 1 Accounting policies

Basis of preparation Dewhurst plc prepares its consolidated and Company financial statements on a going concern basis and in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). The Group and Company financial statements have been prepared in accordance with those parts of the Companies Act 2006 that are applicable to companies adopting IFRS. The Company is registered and incorporated in the United Kingdom; and quoted on AIM (formerly the Alternative Investment Market).

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the years presented, unless otherwise stated. The results have been prepared on the basis of all IFRS issued by the International Accounting Standards Board currently effective. IFRS 9 'Financial Instruments' and IFRS 15 'Revenue Recognition' became effective this accounting period and apart from an update to the terminology used in the accounting policies note there has been no material effect of the new standards on the reported figures. Accordingly, no separate presentation of the impact on the financial statements is presented. All IFRS issued but not yet effective including IFRS 16 'Leases' have not been applied and whilst the Directors have yet to assess their full impact, initial indications are that it will not materially affect the Group reported profit figure or net assets figure. Group will however, after allowing for an inherent incremental borrowing rate, anticipate that property, plant and equipment will increase in the region of £2.5 million and that current and non-current liabilities will also increase in the region of £0.6 million and £1.9 million respectively.

The financial statements have been prepared under the historical cost convention and are presented in GB Pounds to the nearest thousand (£'000).

Consolidation The consolidated financial statements incorporate the results of Dewhurst plc and all of its subsidiary undertakings made up to 30 September 2019, adjusted to eliminate intra-group balances, transactions, income and expenses. The Group has used the acquisition method of accounting to consolidate the results of subsidiary undertakings, which are included from the date of acquisition.

Revenue Revenue is measured at the fair value of sales of goods and services less returns and sales taxes. The Group has analysed its business activities and applied the five-step model prescribed by IFRS 15 to each material line of business, as outlined below:

Sale of products The contract to provide a product is established when the customer places a purchase order. The performance obligation is to provide the product requested by an agreed date, and the transaction price is the value of the product as stated in our order acknowledgement. The performance obligation is typically met when the product is dispatched and so revenue is primarily recognised for each product when dispatching takes place. In some limited situations when the product is complete but the customer is unable to take delivery the performance obligation is met when the customer formally accepts transfer of risk and control even though the product has not been dispatched.

Sale of services The contract to provide a service is established when the customer places a purchase order. The performance obligation is to provide the service requested either by an agreed date if it relates to the servicing of a specific product or over an agreed period if it relates to a constant access or monitoring service. The transaction price is the value of the service as stated in our order acknowledgement. The performance obligation for a specific product service is typically met when the service is performed and so revenue is recognised for each service when the servicing takes place. The performance obligation for a constant access or monitoring service is typically met over a time-based measure and so revenue is recognised for each service on a straight-line basis over the service period.

The only material revenue of a servicing nature relates to Thames Valley Controls Ltd which is no longer a continuing operation of the Group and so, as such, this is analysed within note 25. The continuing revenue type is all revenue from contracts with customers and by sale of products which is further analysed within note 2 – segment reporting.

Customer loyalty rebates The cost of customer loyalty rebates is recognised within sales, with deferred revenue equal to the estimated fair value of the loyalty rebate recognised when the original transaction occurs. On redemption, the value which has been redeemed is released from deferred revenue.

Goodwill Goodwill arising on the acquisition of a subsidiary undertaking is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired and is recognised as an asset and reviewed for impairment at least annually. Any impairment is recognised immediately in the income statement and is not subsequently reversed. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal. Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous UK GAAP amount subject to being tested for impairment at that date.

Other Intangible assets
Product research and development costs Research expenditure is written off in the financial year in which it is incurred. Development expenditure is written off in the financial year in which it is incurred, unless it satisfies the criteria of IAS 38 for recognition as an intangible asset. Such expenditure is capitalised in the consolidated statement of financial position at cost and is amortised through the consolidated income statement on a straight-line basis over its estimated economic life of three years.

Acquired intangible assets An intangible resource acquired with a subsidiary undertaking is recognised as an intangible asset if it is separable from the acquired business or arises from contractual or legal rights, is expected to generate future economic benefits and its fair value can be measured reliably. Acquired intangible assets, comprising of trademarks and customer relationships, are amortised through the consolidated income statement on a straight-line basis over their estimated economic lives of between three and ten years.

Property, plant and equipment Property, plant and equipment is stated at cost or deemed cost less accumulated depreciation and any recognised impairment loss. Depreciation is charged so as to write off the cost over the assets expected useful life. The depreciation rates used are:

Property (basic structure)	1½% – on a declining balance basis
Property (fittings)	5% to 20% – on a straight-line basis
Plant and equipment	10% to 33.3% – on a straight-line basis

Investments in subsidiaries In the accounts of the Company, investments in subsidiaries are held as non-current assets and stated at cost less provision for impairment.

Inventories Inventories are stated at the lower of weighted average cost and net realisable value. Cost represents direct materials, labour and appropriate production overheads on a product-by-product basis. The Group provides 30% where there is more than one year's usage held and for all inventories where there is no usage in the year. Usage is either units sold or units used as components in manufacturing.

Taxation The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from the net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. Current tax is charged or credited to the income statement, except when it relates to items charged to other comprehensive income (OCI), in which case the current tax is also dealt within the OCI. As such the current tax savings arising from the OCI element of the closed defined benefit pension scheme deficit contributions are also recognised in the OCI as required by IAS 12.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the end of the reporting period liability method. Deferred tax liabilities are generally recognised for all material taxable temporary differences and deferred tax assets are only recognised to the extent that taxable profits will be available against which deductible temporary differences can be utilised. A deferred tax asset has been recognised in relation to the pension scheme deficit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based upon tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited through other comprehensive income, in which case the deferred tax is also dealt with through other comprehensive income.

Foreign currencies Foreign currency transactions of individual companies are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are retranslated at the rates ruling at the end of the reporting period. Any differences are taken to the income statement.

The results of overseas operations are translated at the average rates of exchange during the year and their statement of financial positions translated into GB Pounds at the rates of exchange ruling at the end of the reporting period. Exchange differences which arise from translation of the opening net assets and results of foreign subsidiary undertakings and from translating the income statement at an average rate are taken to other comprehensive income. All other differences are taken to the income statement.

The treatment of tax charges or credits resulting from the exchange differences reported above match the accounting treatment and are either taken to other comprehensive income or to the income statement as appropriate.

Operating leases Rentals under operating leases are charged to the income statement in equal annual amounts over the lease term. Benefits received as incentives to enter into the agreements are also spread on a straight-line basis over the lease term.

Employee benefits The Group operates both a defined contribution and a defined benefit type pension scheme. Contributions in respect of the defined contribution schemes are charged to the income statement in the year they fall due. The defined benefit scheme has been set up under a trust deed with its financial assets held separately from those of the Group and is controlled by the Trustees. The pension cost is assessed in accordance with the advice of an independent qualified actuary to recognise the expected cost of providing pensions on a systematic and rational basis over the expected remaining service lives of employees.

The liability recognised in the statement of financial position in respect of the defined benefit pension scheme is the present value of the defined benefit obligation at the end of the reporting period less the fair value of scheme assets, together with adjustments for unrecognised actuarial gains and losses and past service costs. The defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds approximating to the terms of the related pension liability.

Actuarial gains and losses are recognised in full in the statement of comprehensive income. Interest on the pension scheme's liabilities and the expected return on the scheme's assets are recognised within finance costs in the income statement.

Dividends Dividend distribution to the Company's Shareholders is recognised in the Group's financial statements in the year in which dividends are approved by Shareholders or paid, whichever is earlier.

Financial instruments

Trade receivables and payables Trade receivables do not carry any interest and trade payables are not interest bearing. Receipts and payments occur over a short period and are subject to an insignificant risk of changes in value. The Group provides for all trade receivables that are more than ninety days overdue therefore the Directors consider the carrying amounts are stated at their fair value after deduction of appropriate allowances for expected credit losses.

Financial liabilities Financial liabilities incurred by the Group are classified according to the substance of the contractual arrangements entered into and measured at their amortised cost.

Cash and cash equivalents Cash and cash equivalents comprise cash on hand and short-term deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The short-term deposits have maturities of six months or less.

Derivative financial instruments Derivative financial instruments are measured at fair value. Changes in the fair value of derivative financial instruments are recognised as income or expense in the statement of comprehensive income as they arise.

Provisions Provisions are recognised for liabilities of uncertain timing or amount when there is a present legal or constructive obligation that has arisen as a result of past events, for which it is probable that an outflow of economic benefit will be required to settle the obligation and where the amount of the obligation can be reliably estimated (see notes 15 and 18).

Key judgements and estimates The Group makes judgements and assumptions concerning the future that impact the application of policies and reported amounts. The resulting accounting estimates calculated using these judgements and assumptions will, by definition, seldom equal the related actual results but are based on historical experience and expectation of future events. The key judgements and sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are discussed below.

Key accounting judgements

Goodwill impairment The Directors review each cash generating unit (CGU) and calculate whether its goodwill has suffered any impairment loss, based upon the fair value calculation. The Directors judged the 2019 fair value calculation to be the 2019 EBITDA multiplied by an externally derived private company price index (PCPI). This calculation is disclosed further in note 10.

Retirement benefit obligation Determining the value of the future defined benefit obligation requires judgement in respect of the assumptions used to calculate present values. These include inflation, salary increases, liability discount rate and future mortality. Management makes these judgements in consultation with an independent actuary. Details of the judgements made in calculating these transactions are disclosed in note 21, along with sensitivities. The retirement benefit obligation is most sensitive to changes in the liability discount rate.

Key accounting estimates

Provisions Provisions have been made for obsolete inventory, expected credit losses and product warranties. These provisions are estimates and the actual costs and timing of the future cash flows are dependent on future events. Any difference between expectations and the actual future liability will be accounted for in the period when such determination is made. Details of provisions are set out in notes 15 and 18.

Income Taxes The Group recognises expected liabilities for tax based upon an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. The Directors determined an element of the closed defined benefit pension scheme payment could give rise to a potential current tax saving which under IAS 12 is reportable in the other comprehensive income (OCI) section of the income statement. The Directors judged the best way to calculate this is to perform two tax computations, with and without the OCI element, thus determining the tax difference to be the OCI tax saving. Details of the tax charge and deferred tax are set out in notes 7 and 19 respectively.

Note 2 Segment reporting

The Group Board assess the performance of all segments on the basis of location and reports its primary segmental information by geographical destination.

The geographical analysis by significant regions is as follows:

	Revenue		Operating profit	
	2019	2018 (Restated)	**2019**	2018 (Restated)
	£(000)	£(000)	**£(000)**	£(000)
United Kingdom	**17,407**	9,867	**(438)**	818
Europe	**7,847**	7,251	**927**	397
The Americas	**13,921**	13,673	**1,299**	1,703
Asia & Australia	**21,342**	17,991	**3,697**	2,597
Other	**461**	745	**(91)**	(57)
	60,978	49,527	**5,394**	5,458
Inter-company sales	**(4,532)**	(3,797)		
Finance income/(costs)			**(150)**	(205)
Consolidated revenue/profit before tax for the year	**56,446**	45,730	**5,244**	5,253

	Assets		Liabilities	
	2019	2018	**2019**	2018
	£(000)	£(000)	**£(000)**	£(000)
United Kingdom	**24,784**	24,037	**8,152**	7,736
Europe	**6,096**	4,956	**2,169**	1,910
The Americas	**13,112**	10,124	**4,149**	3,161
Asia & Australia	**17,941**	14,309	**4,328**	3,317
Other	**23**	231	**478**	525
Consolidated assets/liabilities for the year	**61,956**	53,657	**19,276**	16,649

	Capital additions		Depreciation and amortisation	
	2019	2018	**2019**	2018
	£(000)	£(000)	**£(000)**	£(000)
United Kingdom	**1,751**	9,852	**2,104**	907
Europe	**104**	103	**130**	100
The Americas	**1,328**	272	**283**	259
Asia & Australia	**3,205**	251	**329**	290
Other	**7**	11	**11**	16
Total Group	**6,395**	10,489	**2,857**	1,572

The secondary segmental reporting is by the following business sectors:

	Revenue	
	2019	2018 (Restated)
Sector	**£(000)**	£(000)
Lift	**50,690**	39,256
Transport	**2,631**	2,985
Keypad	**7,657**	7,286
	60,978	49,527
Inter-company sales	**(4,532)**	(3,797)
	56,446	45,730

	Assets 2019 £(000)	2018 £(000)	Capital additions 2019 £(000)	2018 £(000)
Lift	**54,804**	47,141	**6,154**	10,104
Transport	**1,893**	2,059	**159**	303
Keypad	**5,259**	4,457	**82**	82
Total Group	**61,956**	53,657	**6,395**	10,489

The Group has one major customer who accounts for £7.0 million (2018: £6.8 million) of the keypad revenue which is split across the United Kingdom, Europe, Asia & Australia and the Americas.

Note 3 Operating costs

	2019 £(000)	2018 (Restated) £(000)
Movement in inventory obsolescence provision	**(16)**	167
Cost of inventories recognised as an expense	**25,583**	20,981
Staff costs (see note 4)	**17,819**	14,037
Depreciation	**1,055**	900
Amortisation	**1,721**	617
Foreign exchange differences	**(120)**	(6)
Other operating charges	**5,010**	3,576
Operating costs	**51,052**	40,272

Other operating charges include lease rentals on premises £844k (2018: £589k) and lease rentals on motor vehicles £39k (2018: £57k), gain on sale of property, plant and equipment £12k (2018: loss of £35k) and auditor's remuneration to continuing operations are detailed below. Expenditure on research and development was £349k (2018: £409k).

Auditor's remuneration:

	The Group 2019 £(000)	2018 (Restated) £(000)	The Company 2019 £(000)	2018 £(000)
Amounts paid to Jeffreys Henry LLP				
Statutory audit services	**72**	57	**33**	24
Amounts paid to BDO LLP (Moore Stephens LLP merged with BDO LLP)				
Pension audit services	**6**	5	**3**	2
Taxation compliance services	**10**	9	**1**	1
Other taxation advisory services	**17**	17	**17**	17
	33	31	**21**	20
	105	88	**54**	44

Note 4 Staff costs and information regarding employees

Costs during the year were as follows:

Continuing operations	The Group 2019 £(000)	2018 (Restated) £(000)	The Company 2019 £(000)	2018 £(000)
Wages and salaries	**15,499**	12,667	**1,280**	685
Social security costs	**1,028**	781	**141**	77
Pension costs – GMP equalisation	**639**	–	**639**	–
Pension costs – Other (see note 21)	**653**	589	**60**	83
	17,819	14,037	**2,120**	845

Note 4 Staff costs and information regarding employees continued

The average number of employees during the year was:

	The Group		The Company	
	2019	2018 (Restated)	**2019**	2018
Continuing operations	**No.**	No.	**No.**	No
Office and management	**153**	140	**8**	8
Manufacturing	**225**	182	**–**	–
	378	322	**8**	8

The Executive Directors comprise the key management personnel of the Group and Company in both the current and previous years.

The total amount of the Directors' remuneration was as follows:

Continuing operations	**2019** **£(000)**	2018 (Restated) £(000)
Emoluments – Executive Directors	**1,234**	702
Emoluments – Non-executive Directors	**40**	41
	1,274	743

One Director also received 'continuing' pension payments into their defined contribution schemes totalling £13k (2018: £11k).

The emoluments of the Directors are reported on page 18 of the Directors report and the remuneration of the highest paid Director during the year was £434k (2018: £258k). The highest paid Director, under the defined benefit scheme has accrued pension of £143k (2018: £148k) and a transfer value of £3,643k (2018: £3,099k).

Note 5 Finance income

	2019 **£(000)**	2018 (Restated) £(000)
Bank deposit interest	**34**	86

Note 6 Finance costs

	2019 **£(000)**	2018 (Restated) £(000)
Interest payable on bank overdraft and loans	**(1)**	(3)
Net costs on defined benefit pension scheme (note 21)	**(183)**	(288)
	(184)	(291)

Note 7 Tax

Current tax	**2019** **£(000)**	2018 (Restated) £(000)
UK corporation tax at 19.0% (2018: 19.0%)	**286**	369
Adjustment on prior years tax	**43**	8
Overseas taxation	**1,623**	1,213
	1,952	1,590
Deferred tax		
Origination and reversal of temporary differences	**197**	120
Tax expense in the income statement	**2,149**	1,710

The tax assessed for the year is different from the standard rate of corporation tax in the UK. The differences are explained below:

	2019 £(000)	2018 (Restated) £(000)
Profit before tax	**5,244**	5,253
Standard rate of corporation tax in the UK	**19.0%**	19.0%
Effects of:		
Adjustments in respect of prior years	**0.8%**	0.2%
Overseas withholding tax	**0.1%**	1.4%
Different rate of tax on overseas earnings	**9.6%**	5.5%
Additional reduction for R&D expenditure	**(0.6%)**	(1.4%)
Expenses not deductible for tax purposes	**17.0%**	7.2%
Tax on items taken directly to equity	**(6.2%)**	2.6%
Other permanent differences	**0.3%**	–
Deferred tax not recognised	**1.0%**	(1.9%)
Effective tax rate for the year	**41.0%**	32.6%

Note 8 Profit for the financial year

The Company profit for the year includes £7,110k (2018: £5,321k) of profit after tax, which has been dealt with in the financial statements of the holding company. The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own income statement in these financial statements.

Note 9 Earnings per share and dividend per share

Weighted average number of shares	2019 No.	2018 No.
For basic and diluted earnings per share	**8,413,983**	8,424,898

The calculation of basic and diluted earnings per share is based on the profit for the financial year of £9,779,773 (continuing profit: £2,700,374) and on 8,413,983 Ordinary 10p and 'A' non-voting ordinary 10p shares, being the weighted average number of shares in issue throughout the financial year. There are no share options issued.

Paid dividends per 10p Ordinary share	2019 £(000)	2018 £(000)
2018 final paid of 9.00p (2017: 8.50p)	**(758)**	(716)
2019 interim paid of 3.75p (2018: 3.50p)	**(316)**	(295)
Unclaimed dividends returned – more than 12 years old	**–**	–
Dividends paid – The Company	**(1,074)**	(1,011)
Dividends paid to non-controlling interests – Dual Engraving Pty Ltd & P&R Liftcars Pty Ltd	**(184)**	(103)
Dividends paid – The Group	**(1,258)**	(1,114)

The final proposed dividend is based on 3,309,200 Ordinary 10p shares and 5,099,698 'A' non-voting ordinary 10p shares, being the latest number of shares in issue. The Directors are proposing a final dividend of 9.25p (2018: 9.00p) per share, totalling £778k (2018: £758k). This dividend has not been accrued at the end of the reporting period.

Note 10 Goodwill

	The Group 2019 £(000)	2018 £(000)
Cost or valuation:		
At 1 October	**15,332**	11,378
Exchange adjustment	**82**	(345)
Additions on acquisition of subsidiaries	**1,121**	4,299
At 30 September	**16,535**	15,332
Impairment:		
At 1 October	**6,734**	6,803
Exchange adjustment	**82**	(69)
At 30 September	**6,816**	6,734
Net book value:		
At 30 September	**9,719**	8,598

Goodwill is allocated at acquisition to the business units that are expected to benefit from that acquisition.

The remaining goodwill relates to five CGUs, four in Australia, Australian Lift Components Pty Ltd acquired in February 2000 – £1,132k (2018: £1,132k), Lift Material Australia Pty Ltd acquired in July 2005 – £807k (2018: £807k), Dual Engraving Pty Ltd acquired in February 2013 – £1,259k (2018: £1,259k), P&R Liftcars Pty Ltd acquired in January 2018 – £1,101k (2018: £1,101k) and one in the UK, A&A Electrical Distributors Ltd acquired in June 2018 – £5,420k (2018: £4,299k).

Goodwill values have been tested for impairment by comparing them against the fair value of the relevant CGUs. The fair value calculations for 2019 are based on 2019 EBITDA profits multiplied by an externally derived private company price index (PCPI). The goodwill impairment charge that arose during the current year is nil (2018: nil) and the calculations indicate sufficient headroom such that a 15% change to key assumptions would not result in an impairment of the related goodwill.

Note 11 Other intangibles

	The Group					
	2019 Acquired intangibles £(000)	**2019 Other £(000)**	**2019 Total £(000)**	2018 Acquired intangibles £(000)	2018 Other £(000)	2018 Total £(000)
Cost or valuation:						
At 1 October	**5,878**	**962**	**6,840**	934	932	1,866
Exchange adjustment	**–**	**5**	**5**	(56)	1	(55)
Additions	**–**	**41**	**41**	5,000	29	5,029
At 30 September	**5,878**	**1,008**	**6,886**	5,878	962	6,840
Amortisation:						
At 1 October	**1,433**	**897**	**2,330**	934	834	1,768
Exchange adjustment	**–**	**4**	**4**	(56)	1	(55)
Charge for the year	**1,667**	**54**	**1,721**	555	62	617
At 30 September	**3,100**	**955**	**4,055**	1,433	897	2,330
Net book value:						
At 30 September 2019	**2,778**	**53**	**2,831**	4,445	65	4,510
At 30 September 2018	**4,445**	**65**	**4,510**	–	98	98

All amortisation has been charged to the statement of comprehensive income through operating costs and no intangible items are held as security.

Note 12 Property, plant and equipment

	The Group			The Company		
	Property £(000)	Plant and equipment £(000)	Total £(000)	Property £(000)	Plant and equipment £(000)	Total £(000)
Cost or valuation:						
At 1 October 2017	8,627	8,186	16,813	6,197	172	6,369
Exchange adjustment	(113)	(143)	(256)	–	–	–
Additions	8	1,028	1,036	–	–	–
Additions on acquisition of subsidiaries	–	125	125	–	–	–
Disposals	–	(289)	(289)	–	–	–
At 1 October 2018	8,522	8,907	17,429	6,197	172	6,369
Exchange adjustment	**67**	**111**	**178**	**–**	**–**	**–**
Additions	**3,871**	**1,362**	**5,233**	**–**	**9**	**9**
Disposals	**–**	**(910)**	**(910)**	**–**	**–**	**–**
At 30 September 2019	**12,460**	**9,470**	**21,930**	**6,197**	**181**	**6,378**
Depreciation:						
At 1 October 2017	1,672	5,874	7,546	783	134	917
Exchange adjustment	(36)	(97)	(133)	–	–	–
Charge for the year	189	766	955	114	9	123
Disposals	–	(210)	(210)	–	–	–
At 1 October 2018	1,825	6,333	8,158	897	143	1,040
Exchange adjustment	**21**	**83**	**104**	**–**	**–**	**–**
Charge for the year	**202**	**934**	**1,136**	**111**	**10**	**121**
Disposals	**–**	**(693)**	**(693)**	**–**	**–**	**–**
At 30 September 2019	**2,048**	**6,657**	**8,705**	**1,008**	**153**	**1,161**
Net book value:						
At 30 September 2019	**10,412**	**2,813**	**13,225**	**5,189**	**28**	**5,217**
At 30 September 2018	6,697	2,574	9,271	5,300	29	5,329

Capital commitments contracted by the Group at 30 September 2019 for property, plant and equipment amounted to £200k (2018: £3,059k) and by the Company is nil (2018: nil). Capital commitments authorised but not contracted by the Group at 30 September 2019 amounted to £5,078k (2018: £382k) and by the Company is nil (2018: nil).

Note 13 Investments – shares in subsidiary undertakings

The Company Investments (Ordinary shares) are:	2019 £(000)	2018 £(000)
Cost	**22,654**	21,293
Provision for impairment	**(7,002)**	(6,827)
Disposal	**(300)**	–
	15,352	14,466

Investments in subsidiary undertakings are:	2019 £(000)	2018 £(000)
Cost (after provision for impairment):		
Dewhurst UK Ltd	**–**	175
A&A Electrical Distributors Ltd	**10,886**	9,525
Thames Valley Controls Ltd	**300**	300
Traffic Management Products Ltd	**–**	–
Dewhurst (Hungary) Kft	**72**	72
Dupar Controls Inc.	**35**	35
The Fixture Company	**–**	–
Elevator Research Manufacturing Corp.	**–**	–
Australian Lift Components Pty Ltd	**1,798**	1,798
P&R Liftcars Pty Ltd	**933**	933
Lift Material Australia Pty Ltd	**85**	85
Dual Engraving Pty Ltd	**1,445**	1,445
Dewhurst Australian Property Pty Ltd	**97**	97
Dewhurst (Hong Kong) Ltd	**1**	1
	15,652	14,466
Disposal		
Thames Valley Controls Ltd (sold on 30/09/2019)	**(300)**	–
	15,352	14,466

The Company has eleven wholly-owned trading subsidiaries, Dewhurst UK Ltd, A&A Electrical Distributors Ltd and Traffic Management Products Ltd (TMP), registered and principally operating in England, Dewhurst (Hungary) Kft, registered and principally operating in Hungary, Dupar Controls Inc., registered and principally operating in Canada, The Fixture Company and Elevator Research Manufacturing Corp. (ERM) registered and principally operating in the United States of America, Australian Lift Components Pty Ltd, Lift Material Australia Pty Ltd and Dewhurst Australian Property Pty Ltd, all registered and principally operating in Australia and Dewhurst (Hong Kong) Ltd registered and principally operating in Hong Kong. Dual Engraving Pty Ltd and P&R Liftcars Pty Ltd which principally operate in Australia are not wholly owned but instead are owned 70% and 75% respectively. Dewhurst Middle East Elevator Accessories LLC is also not wholly owned but instead owned 49% because as required by UAE law 51% must be held by a registered UAE national who has waived their rights to control and any profits generated. All companies have similar principal activities to Dewhurst plc, except TMP which operates solely in the transport sector and Dewhurst Australian Property Pty Ltd, which operates solely to hold Australian Lift Components Pty Ltd's and Lift Material Australia Pty Ltd's properties.

In addition to the trading companies above the following dormant companies are also subsidiaries of the Group – Dewhurst & Partner Ltd, Dewhurst UK Manufacturing Ltd, Dewhurst Hounslow Property Ltd, Dewhurst Flint Unit 15 Property Ltd, Dewhurst Flint Unit 37 Property Ltd, Dewhurst Middle East Ltd, Switching Components Ltd, LiftStore Ltd, Thames Valley Lift Company Ltd, TMP Solutions Ltd & TMP Professional Services Ltd.

Note 14 Inventories

	The Group		The Company	
	2019 £(000)	2018 £(000)	**2019 £(000)**	2018 £(000)
Raw materials and components	**1,832**	2,675	**–**	–
Work-in-progress	**589**	761	**–**	–
Finished goods and goods for re-sale	**3,589**	2,843	**–**	–
	6,010	6,279	**–**	–

There is no material difference between the replacement cost of inventories and the amounts stated above.

Note 15 Trade and other receivables

	The Group		The Company	
	2019 £(000)	2018 £(000)	**2019 £(000)**	2018 £(000)
Trade receivables	**10,583**	13,051	**–**	–
Amounts due from subsidiary undertakings (note 23)	**–**	–	**1,961**	2,475
Other receivables	**194**	331	**62**	28
Prepayments and accrued income	**216**	538	**19**	70
	10,993	13,920	**2,042**	2,573

Trade receivables which relate solely to contracts with customers are shown net of provision for impairment. The movements in the provision for impairment of trade receivables were as follows:

	The Group		The Company	
	2019 £(000)	2018 £(000)	**2019 £(000)**	2018 £(000)
At 1 October	**173**	194	**–**	–
Charge for the year	**168**	(17)	**–**	–
Costs recovered / (incurred)	**(7)**	(4)	**–**	–
At 30 September	**334**	173	**–**	–

At the end of the reporting period the ageing analysis of trade receivables, with normal terms being 30 days net monthly, not provided for was as follows:

	Total £(000)	Within terms £(000)	Up to 1 month overdue £(000)	Up to 2 months overdue £(000)	Over 2 months overdue £(000)
As at 30 September 2019	**10,583**	**8,273**	**1,822**	**244**	**244**
As at 30 September 2018	13,051	8,585	3,441	858	167

These receivables are of good credit quality.

Note 16 Cash and cash equivalents

	The Group		The Company	
	2019 £(000)	2018 £(000)	**2019 £(000)**	2018 £(000)
Cash	**16,980**	9,440	**9,383**	3,039
Short-term deposits	**–**	–	**–**	–
	16,980	9,440	**9,383**	3,039

Note 17 Trade and other payables

	The Group 2019 £(000)	The Group 2018 £(000)	The Company 2019 £(000)	The Company 2018 £(000)
Trade payables	**1,700**	2,761	**13**	15
Other taxes and social security costs	**864**	978	**15**	15
Other payables	**1,587**	1,145	**1,383**	30
Accruals and deferred income	**4,029**	3,301	**944**	320
	8,180	8,185	**2,355**	380

The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

Note 18 Short-term provisions

	The Group 2019 £(000)	The Group 2018 £(000)	The Company 2019 £(000)	The Company 2018 £(000)
Warranty provisions	**277**	304	**–**	–

Warranties, which relate to product or service defects identified within 12 months of invoice, are provided in the normal course of business based on current issues and are costed on an assessment of future claims with reference to past claims. The provision is in relation to replacement and change-out costs and although it is not possible to estimate the timing of crystallisation of the potential liability it is expected that it will be utilised during the coming year. Amounts charged to the Group income statement (continuing operations) during the year were £126k (2018: £24k). Amounts utilised by the Group (continuing operations) in the year were £59k (2018: £68k). There were no amounts charged or utilised this year or last year by the Company.

Note 19 Deferred taxation

Deferred tax asset:	The Group 2019 £(000)	The Group 2018 £(000)	The Company 2019 £(000)	The Company 2018 £(000)
At 1 October	**1,639**	2,301	**1,297**	1,998
Transfer directly (to)/from other comprehensive income	**775**	(524)	**775**	(524)
Foreign exchange on deferred tax	**(20)**	(15)	**–**	–
Transfer (to)/from income statement	**(196)**	(123)	**(275)**	(177)
At 30 September	**2,198**	1,639	**1,797**	1,297

Deferred tax at 30 September relates to the following:	The Group 2019 £(000)	The Group 2018 £(000)	The Company 2019 £(000)	The Company 2018 £(000)
Defined benefit pension scheme	**1,797**	1,297	**1,797**	1,297
Provisions	**401**	342	**–**	–
Deferred tax asset	**2,198**	1,639	**1,797**	1,297

Note 20 Share capital

Authorised:	**2019 £(000)**	2018 £(000)
Shares of 10p each – 4,500,000 Ordinary	**450**	450
– 9,000,000 ‘A’ non-voting ordinary	**900**	900
	1,350	1,350

Allotted and fully paid:	**2019 £(000)**	2018 £(000)
Shares of 10p each – 3,309,200 (2018: 3,309,200) Ordinary	**331**	331
– 5,099,698 (2018: 5,115,698) ‘A’ non-voting ordinary	**510**	511
	841	842

The Ordinary shares and the ‘A’ non-voting ordinary shares rank in all respects pari passu except that the ‘A’ non-voting ordinary shares do not carry the right to receive notices, attend or vote at meetings of the Company.

The share premium reserve arose when shares were issued and sold at above the par value, the capital redemption reserve was created on the repurchase and cancellation of the Company’s own shares and the translation reserve represents the cumulative foreign exchange differences on the translation of the net assets of the Group’s foreign operations from their functional currency to the presentation currency of the parent.

Note 21 Retirement benefit obligation

The Group operates pension schemes in the UK, Canada, USA, Australia and Hong Kong, and also complies with Hungarian state legislation in relation to retirement provision. During the year the UK operated both defined contribution schemes, the assets of which are held in independently administered funds, and a defined benefit scheme, the assets of which are held in Trustee administered funds. The total pension cost for the Group (continuing operations) was £1,452k (2018: £749k). All, apart from £639k (2018: nil) relating to defined benefit pension scheme GMP equalisation and £27k (2018: £52k) of defined benefit pension protection fund levy fees relates to defined contribution schemes. The active UK, Hungarian, Canadian, USA, Australian and Hong Kong schemes are of the defined contribution type and the cost to the Group amounted to £786k (2018: £697k). There was an accrued charge of £17k at the end of the reporting period in respect of the defined benefit scheme (2018: an accrual of £25k). On 30 September 2010 the Company closed the defined benefit scheme to future accrual and offered all existing members future pension benefits in a new Group defined contribution scheme. There were contributions during the year of £1,404k into the defined benefit scheme (2018: £1,404k) along with an additional payment of £1,100k as a condition of a Flexible Apportionment Arrangement (FAA) to transfer TVC’s defined benefit pension scheme obligations to Dewhurst plc. The funding policy is to review triennially the funding position with the actuary and from that review the Trustees, Company and actuary agree the funding arrangements for the next three years until the next review in June 2021. The contributions for next year will be £1,404k.

As required under the Welfare Reform and Pensions Act 1999 and Stakeholder Pension Schemes Regulations 2000 the Group has offered access to a stakeholder pension scheme to employees in its UK-based companies.

The pension cost relating to the UK defined benefit scheme is assessed in accordance with the advice of qualified actuaries using the new scheme specific funding regime. The latest actuarial valuation of the scheme was on 1 June 2018. It has been assumed that future investment yields would be at 3.7% per annum (pre-retirement) and 2.2% (post-retirement).

At the date of the latest actuarial valuation of the UK scheme, the market value of the assets of the scheme were £37.4 million (2015: £30.2 million) and the funding level on the on-going valuation basis was 78% (2015: 70%). The 2018 actuarial valuation takes account of secured pensioners when assessing the assets and liabilities of the fund. All the recommendations made by the scheme’s actuary to eliminate the scheme deficit have been fully implemented.

IAS 19 Employee benefits
Under IAS 19 a snapshot is taken of the retirement benefit fund assets and liabilities to coincide with the Company’s financial year-end. Thus movements in equity and bond markets and in discount rates may create some volatility in the calculation of the scheme assets and liabilities. The weighted average duration of the liabilities is 20 years and payments from the scheme assets are made on a monthly basis.

Note 21 Retirement benefit obligation continued

Assumptions

The following actuarial assumptions, updated to 30 September 2019 by the scheme actuary, have been used in preparing the disclosures required under IAS 19:

		2019	2018
Retail price index expected to rise by		**3.05%**	3.15%
Pensionable salaries will increase by		**n/a**	n/a
Deferred pensions and pensions in payment will increase by		**3.05%**	3.15%
Liabilities discounted at a rate of		**1.80%**	2.85%
Expected return on pension scheme assets		**1.80%**	2.85%
Expected lifetime for a member retiring at the accounting date	– for males	**21.5 yrs**	21.9 yrs
	– for females	**23.4 yrs**	23.8 yrs
Future expected lifetime for a member retiring in 20 years' time	– for males	**22.8 yrs**	23.3 yrs
	– for females	**24.9 yrs**	25.4 yrs

The sensitivities regarding the principal assumptions used are set out below:

Assumption	Change in assumption	Impact on plan liabilities
Liability Discount Rate	Increase/decrease by 0.1%	Decrease/increase by 1.8%
Rate of inflation (RPI)	Increase/decrease by 0.1%	Increase/decrease by 1.0%
Rate of mortality	Increase/decrease by 1 year	Increase/decrease by 3.5%

IAS 19 requires the value of annuities purchased in respect of pensioners and widow(er)s to be taken into current year calculations.

	Fair value at 30 Sept 2019 £(000)	Fair value at 30 Sept 2018 £(000)	Fair value at 30 Sept 2017 £(000)
Equities	**28,756**	21,197	22,132
Bonds	**8,773**	12,858	10,564
Other	**6,179**	3,649	3,500
Total fair value of scheme assets	**43,708**	37,704	36,196
Present value of scheme liabilities	**(54,278)**	(45,332)	(47,947)
Scheme deficit	**(10,570)**	(7,628)	(11,751)
Related deferred tax asset	**1,797**	1,297	1,998
Net pension liability	**(8,773)**	(6,331)	(9,753)

The amounts charged to operating profit in relation to current service costs (GMP Equalisation) are £639k (2018 and 2017: £nil).

Amounts charged to other finance costs:	**2019 £(000)**	2018 £(000)	2017 £(000)
Interest on pension scheme assets	**1,097**	946	840
Interest on pension scheme liabilities	**(1,280)**	(1,234)	(1,233)
Net benefit/(cost)	**(183)**	(288)	(393)

Amounts recognised in the statement of comprehensive income (SOCI):	**2019 £(000)**	2018 £(000)	2017 £(000)
Experience gains and losses arising on the scheme assets	**3,346**	177	1,730
Experience gains and losses arising on the scheme liabilities	**–**	607	–
Changes in assumptions underlying the present value of the scheme liabilities	**(7,905)**	2,296	1,942
Actuarial gains/(losses) recognised in SOCI	**(4,559)**	3,080	3,672

History of experience gains and losses:	**2019 £(000)**	2018 £(000)	2017 £(000)
Experience gains and losses arising on the scheme assets	**3,346**	177	1,730
Percentage of scheme assets	**7.7%**	0.5%	4.8%
Experience gains and losses on scheme liabilities	**–**	607	–
Percentage of the present value of scheme liabilities	**0%**	(1.3%)	0%
Total amount recognised in SOCI	**(4,559)**	3,080	3,672
Percentage of the present value of scheme liabilities	**8.4%**	(6.8%)	(7.7%)

The movement in the scheme assets, liabilities and the net deficit are as follows:

	2019 Assets £(000)	**2019 Liabilities £(000)**	**2019 Total £(000)**	2018 Total £(000)	2017 Total £(000)
Deficit in scheme at 1 October	**37,704**	**(45,332)**	**(7,628)**	(11,751)	(16,373)
Movement in the year:					
Benefits paid	**(878)**	**878**	**–**	–	–
Contributions	**2,504**	**–**	**2,504**	1,404	1,404
Administration charge	**(65)**	**–**	**(65)**	(73)	(61)
Current Service Costs (GMP equalisation)	**–**	**(639)**	**(639)**	–	–
Other finance costs	**1,097**	**(1,280)**	**(183)**	(288)	(393)
Actuarial gains/(losses)	**3,346**	**(7,905)**	**(4,559)**	3,080	3,672
Deficit in scheme at 30 September	**43,708**	**(54,278)**	**(10,570)**	(7,628)	(11,751)

Included in retained earnings is £16,382k (2018: £11,823k) being the cumulative actuarial losses on the defined benefit pension scheme.

Note 22 Lease commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	The Group			
	2019 Land and buildings £(000)	**2019 Other £(000)**	2018 Land and buildings £(000)	2018 Other £(000)
Within one year	**664**	**41**	653	76
Within two to five years	**1,017**	**25**	1,543	110
	1,681	**66**	2,196	186

Note 23 Related parties

The controlling party of the Group is Dewhurst plc. Transactions between the Company and its subsidiaries, which are related parties to the Company, have been eliminated on consolidation. However during the year, in the Company's financial statements, there have been the following transactions: group management charges, interest on loans at floating rates on a commercial basis and dividend income received. All transactions are settled by cash. Any loans given are secured on the assets of the relevant company and repayable on demand.

	2019 £(000)	2018 £(000)
Management charges to subsidiaries	**1,359**	1,424
Purchases from Bailey Consultancy Services Ltd [1]	**–**	40
Rent from A&A Electrical Distributors Ltd Retirement Benefit Scheme [2]	**220**	73
Rent charges to subsidiaries	**230**	255
Interest income received	**86**	27
Expected credit losses charged to income statement	**(1,200)**	(356)
Dividend income received	**1,403**	4,949
Dividends paid to Directors (Company and Group)	**144**	134
Loans and trade receivables due	**3,161**	2,475

[1] Mr John Bailey, a Director of Bailey Consulting Services Ltd and Dewhurst plc, provided consultancy services to the Group of nil (2018: £40k) as well as charging nil (2018: nil) for the reimbursement of travel expenses. There were no outstanding year end expenses.

[2] Mr Alan Warren, a Trustee of A&A Electrical Distributors Ltd Retirement Benefit Scheme and Director of Dewhurst plc, rented premises to A&A Electrical Distributors Ltd for the 12 months to September 2019 for £220k (2018: £73k). The annual rent is paid quarterly in advance.

Note 24 Financial instruments

The Group's policies towards using financial instruments to manage interest rate, liquidity and currency exposure risks are explained in the financial review on page 12. The Group defines capital as total equity plus net debt. The objective is to maintain a strong and efficient capital base to support the Group's strategic objectives, provide optimal returns for Shareholders and safeguard the Group's assets and status as a going concern. The Group is not subject to externally imposed capital requirements.

Credit risk
The Group is mainly exposed to credit risk from credit sales. It is Group policy, implemented locally, to assess the credit risk of new customers before entering contracts. Such credit ratings, taking into account local business practices, are then factored into any contracts. Credit risk also extends to the banks utilised by the Group. The majority of cash deposits were held by the RBS NatWest bank £12.1 million (2018: £2.7 million) and the Santander bank – £0.4 million (2018: £2.6 million) at the year end and these banks' credit ratings (long term) with Standard & Poor were A & A respectively.

Interest risk
The Group is exposed to interest risk but purely on bank deposits. It is Group policy to maximise the return on interest earned whilst taking adequate steps to monitor the viability of the bank and safeguarding the assets of the Group.

Foreign exchange risk
The Group is exposed to foreign exchange risk both on a transactional and translational basis. The Group looks to mitigate transactional foreign exchange risk by trying to balance its trade in foreign currencies and only hold sufficient currencies to meet its future needs.

The sensitivities regarding the foreign exchange rate translation however are set out below:

Metric	Change in GB Pounds	Translational Impact
Group Revenue	Weaken/strengthen by 10%	Increase/decrease by 5.1%
Group Profit	Weaken/strengthen by 10%	Increase/decrease by 8.5%
Group Net Assets	Weaken/strengthen by 10%	Increase/decrease by 3.9%

The Group did not use forward contract derivatives to manage credit risk during the year.

Liquidity risk

At the end of the reporting period the ageing analysis of financial liabilities, with normal terms for trade payables being 30 days net monthly, was as follows:

	Total £(000)	Within one year £(000)	Within one to two years £(000)	Over two years £(000)
As at 30 September 2019	**7,257**	**6,233**	**754**	**270**
As at 30 September 2018	6,849	6,610	–	239

Currency and interest rate exposure of financial assets and liabilities

The cash and cash equivalent amount of £16,980k (2018: £9,440k) is made up of cash of £16,980k (2018: £9,440k) and short-term deposits of nil (2018: nil). The cash was invested at overnight rates based on the relevant national LIBOR. Of the cash, £11,220k (2018: £5,326k) is denominated in GB Pounds with the balance of £5,760k (2018: £4,114k) held in foreign currencies. Other financial assets and liabilities do not attract interest.

Currency and interest profile	The Group				The Company			
	Floating rate assets £(000)	Fixed rate assets £(000)	Interest free assets £(000)	Interest free liabilities £(000)	Floating rate assets £(000)	Fixed rate assets £(000)	Interest free assets £(000)	Interest free liabilities £(000)
GB Pounds	5,326	–	5,010	1,552	3,039	–	–	15
AUS Dollars	1,728	–	3,117	467	–	–	–	–
US Dollars	738	–	3,105	410	–	–	–	–
CAN Dollars	1,358	–	1,660	128	–	–	–	–
Other	290	–	159	204	–	–	–	–
At 30 September 2018	9,440	–	13,051	2,761	3,039	–	–	15
GB Pounds	**11,220**	**–**	**3,278**	**704**	**9,383**	**–**	**–**	**13**
AUS Dollars	**2,634**	**–**	**3,463**	**498**	**–**	**–**	**–**	**–**
US Dollars	**1,074**	**–**	**2,288**	**135**	**–**	**–**	**–**	**–**
CAN Dollars	**1,742**	**–**	**1,430**	**169**	**–**	**–**	**–**	**–**
Other	**310**	**–**	**124**	**194**	**–**	**–**	**–**	**–**
At 30 September 2019	**16,980**	**–**	**10,583**	**1,700**	**9,383**	**–**	**–**	**13**

The only operations that hold material monetary assets and liabilities in currencies other than their functional currency are Dupar Control Inc and Dewhurst (Hungary) Kft. Dupar holds trade receivables denominated in US Dollars with a balance of £158k (2018: £378k), Dewhurst (Hungary) Kft holds trade receivables denominated in US Dollars with a balance of £1,719k (2018: £2,092k) and trade payables denominated in Euros with a balance of £113k (2018: £189k).

Fair value of financial instruments

Fair value is defined as the amount at which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties, excluding accrued interest, and is calculated by reference to market rates discounted to current value. Accordingly, the Directors believe that there is no material difference between the carrying amount and the fair value of its financial instruments.

Bank facilities

The Group has no undrawn committed bank overdraft facility (2018: no facility).

Note 25 Discontinued operations

On 24 September 2019, Dewhurst plc entered into a formal sale agreement to dispose of the entire issued share capital of Thames Valley Controls Ltd (TVC) to Elevation AcquisitionCo LLC, which trades under Vantage Elevator Solutions (Vantage). The TVC business was classified as a discontinued operation and consequently, TVC has not been presented as an operating segment in segment reporting note.

The sale completed on 30 September 2019 and the results of the discontinued operation and the effect of the disposal on the financial position of the Group were as follows:

	2019 £(000)	2018 £(000)
Revenue – dispatch of products	**8,466**	8,005
Revenue – servicing of products	**573**	411
Revenue – servicing over time	**448**	364
Revenue	**9,487**	8,780
Expenses	**(8,410)**	(8,050)
Operating profit / profit before taxation	**1,077**	730
Taxation	**10**	(13)
Profit after tax	**1,087**	717
Gain on disposal of discontinued operation	**5,992**	–
Profit and gain from discontinued operations (net of tax)	**7,079**	717

	2019 £(000)	2018 £(000)
Cash flows from/(used in) discontinued operation		
Net cash flows from operating activities	**984**	1,514
Net cash flows from investing activities	**(127)**	(117)
Net cash flows from financing activities	**(500)**	(1,500)
Net cash flows for the year from discontinued operations	**357**	(103)

The net assets of the disposed subsidiary which have been removed from the statement of financial position, were as follows:

	2019 £(000)
Property, plant and equipment	173
Deferred tax asset	19
Inventory	1,107
Trade and other receivables	2,094
Cash and cash equivalents	1,041
Total assets	**4,434**
Trade and other payables	(1,743)
Short-term provisions	(73)
Total liabilities	**(1,816)**
Net assets of the disposal	**2,618**
Initial Consideration received in cash and cash equivalents, net of transaction costs	8,555
Expected Final Consideration	55
Gain on disposal of discontinued operation	**5,992**

Net cash inflow arising on disposal:	£(000)
Consideration received in cash and cash equivalents, net of transaction costs	**8,555**
Less cash and cash equivalents disposed of	(1,041)
Cash received in respect of the disposal of Thames Valley Controls Ltd	**7,514**

Taxation of discontinued operations

The gain on sale of discontinued operations qualified for the Substantial Shareholding Exemption and consequently was not subject to corporation tax.

Company financial statements

Company statement of changes in equity

For the year ended 30 September 2019	Share capital £(000)	Share premium account £(000)	Capital redemption reserve £(000)	Retained earnings £(000)	Total equity £(000)
At 30 September 2017	842	157	295	10,536	11,830
Actuarial gains/(losses) on defined benefit pension scheme	–	–	–	3,080	3,080
Deferred tax effect	–	–	–	(524)	(524)
Dividends paid	–	–	–	(1,011)	(1,011)
Profit for the year	–	–	–	5,321	5,321
At 30 September 2018	**842**	**157**	**295**	**17,402**	**18,696**
Share repurchase	**(1)**	**–**	**1**	**(82)**	**(82)**
Actuarial gains/(losses) on defined benefit pension scheme	**–**	**–**	**–**	**(4,559)**	**(4,559)**
Deferred tax effect	**–**	**–**	**–**	**775**	**775**
Dividends paid	**–**	**–**	**–**	**(1,074)**	**(1,074)**
Profit for the year	**–**	**–**	**–**	**7,110**	**7,110**
At 30 September 2019	**841**	**157**	**296**	**19,572**	**20,866**

The notes on pages 24–41 form part of these financial statements

Company statement of financial position

At 30 September 2019	Notes	**2019 £(000)**	2018 £(000)
Non-current assets			
Property, plant and equipment	12	**5,217**	5,329
Deferred tax asset	19	**1,797**	1,297
Investments in subsidiaries	13	**15,352**	14,466
		22,366	21,092
Current assets			
Trade and other receivables	15	**2,042**	2,573
Cash and cash equivalents	16	**9,383**	3,039
		11,425	5,612
Total assets		**33,791**	26,704
Current liabilities			
Trade and other payables	17	**2,355**	380
		2,355	380
Non-current liabilities			
Retirement benefit obligation	21	**10,570**	7,628
Total liabilities		**12,925**	8,008
Net assets		**20,866**	18,696
Equity			
Share capital	20	**841**	842
Share premium account		**157**	157
Capital redemption reserve		**296**	295
Retained earnings		**19,572**	17,402
Total equity		**20,866**	18,696

The financial statements were approved by the Board of Directors and authorised for issue on 9 December 2019 and were signed on its behalf by:

Richard Dewhurst Chairman

Jared Sinclair Finance Director

Company Registration Number:160314

The notes on pages 24–41 form part of these financial statements

Company financial statements

Company cash flow statement

For the year ended 30 September 2019	Notes	2019 £(000)	2018 £(000)
Cash flows from operating activities			
Operating profit/(loss)		**(2,719)**	829
Depreciation and amortisation		**121**	123
Contributions to pension scheme, net of administration fee & GMP equalisation		**(1,800)**	(1,331)
Write-down and disposal of investments		**475**	–
		(3,923)	(379)
(Increase)/decrease in trade and other receivables		**531**	(1,206)
Increase/(decrease) in trade and other payables		**614**	(26)
Cash generated from/(used in) operations		**(2,778)**	(1,611)
Income tax paid		**(5)**	(74)
Net cash from/(used in) operating activities		**(2,783)**	(1,685)
Cash flows from investing activities			
Acquisition of business and assets		**–**	(9,525)
Proceeds on disposal of a subsidiary (TVC Ltd)		**8,800**	–
Purchase of property, plant and equipment		**(9)**	–
Interest received		**89**	82
Dividends received		**1,403**	4,949
Net cash generated from/(used in) investing activities		**10,283**	(4,494)
Cash flows from financing activities			
Dividends paid	9	**(1,074)**	(1,011)
Purchase of own shares		**(82)**	–
Net cash used in financing activities		**(1,156)**	(1,011)
Net increase/(decrease) in cash and cash equivalents		**6,344**	(7,190)
Cash and cash equivalents at beginning of year	16	**3,039**	10,229
Cash and cash equivalents at end of year	16	**9,383**	3,039

Report of the independent auditor

Independent auditor's report to the members of Dewhurst plc for the year ended 30 September 2019.

Opinion

We have audited the financial statements of Dewhurst Plc (the 'Company') and its subsidiaries (the 'Group') for the period ended 30 September 2019 which comprise the consolidated statement of income and other comprehensive income, the consolidated and Parent Company statements of financial position, the consolidated and Parent Company statements of cash flows, the consolidated and Parent Company statements of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 September 2019 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRS's as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, 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 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.

Our audit approach

Overview

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

- Revenue recognition
- Inventory provisioning
- Carrying value of investments/intangibles and recoverability of intercompany loans
- Carrying value of the retirement benefit obligation
- Accounting for the disposal in the year

These are explained in more detail below.

Audit scope

- We conducted audits of the complete financial information of Dewhurst Plc, Dewhurst UK Limited, Thames Valley Controls Limited, Traffic Management Products Limited and A&A Electrical Distributors Limited.
- We performed specified procedures over certain account balances and transaction classes at other Group companies.
- Taken together, the Group companies over which we performed our audit procedures accounted for 100% of the absolute profit before tax (i.e. the sum of the numerical values without regard to whether they were profits or losses for the relevant reporting units) and 100% of revenue.

Key audit matters

Key audit matter	How our audit addressed the key audit matter
Revenue recognition The Group has 3 main revenue sources: lift components, transport and keypad sales. The Group had a total turnover of £56,446,000 for the year to 30 September 2019. We checked compliance with IFRS 15, Revenue from Contracts with Customers.	Each component of the Group has a specific specialisation and focuses its sales on its target market. A significant proportion of the Group's sales comes from the lift market. The majority of the revenue is for goods transferred at a point in time. For revenue from sale of services, the majority of this type of revenue arose from a subsidiary which was disposed on 30 September 2019. We performed substantive tests to validate the revenue transactions. In addition, we performed cut-off tests to check that items were recorded in the appropriate period. We tested the inventory movement, ownership at the period end, deferred revenue and work in progress. We also checked and considered whether the Group had any material contract assets and liabilities. We reviewed post year end credit notes to check if there was any material post year end adjustment that related to the period. In addition, we checked the provision for expected credit losses and warranty provisions.
Inventory provisioning The Group held £6,010,000 of inventory as at 30 September 2019. There are key assumptions that drive the inventory provision including the ability to sell older inventory and the realisable value that will be achieved on sale. A provision for items looking to be sold off at below cost and a provision for aged items which there is a concern may ultimately be sold at below cost. The Group provides against 30% of the stock value where an item has no significant movement in the year; and, provides 100% against stock which has not moved during the period.	We checked the methodology used to calculate the inventory provision and determined it was consistent with that applied in the prior year. We tested the reasonableness of the Group inventory provision. We attended the year end stocktakes and tested sheet to floor and vice versa to agree stock counts. We compared a sample of inventory items at the reporting date to the purchase cost and compared this with sales made around the reporting period or after the year end. For samples which were components, we traced the item to the bill of materials for the finished good and compared the total sales price to the total purchase cost. We reconciled the inventory values used in the provision to the general ledger. We reviewed the calculations and determined that the policy was correctly applied.

Key audit matters

Key audit matter	How our audit addressed the key audit matter
Investments/Intangibles carrying value and Company loans to subsidiaries	
The Company has investments of £15,352,000 (2018: £14,466,000). And the Group had Goodwill and Intangible assets of £12,550,000 (2018: 13,108,000). The Company has amounts due from Group companies of £1,961,000 (2018: £2,475,000). The Directors have confirmed these loans are fully recoverable. Management have performed impairment reviews and have exercised judgement as to the recovery of these investments and amounts due. .	We reviewed the carrying value of the investments and intangible assets and the loans to fellow subsidiaries. The review considered the current position of the subsidiaries, the future outlook and forecasts prepared by management. We reviewed the subsidiary accounts and forecasts and have assessed the financial position of each subsidiary. We have also discussed the budgets and forecasts as part of the going concern review and to consider whether we believed any investment was impaired. We considered the loans held by Group entities and their ability to service those loans. We assessed the impairment reviews performed by management. The Group is expected to remain cash generative and profitable based on current trading trends. We have assessed and understood the methodology and assumptions used by the Directors in their analysis and determined it to be reasonable. The majority of the intangibles relates to the acquisition of A&A Electrical Distributors Ltd in the prior year. We performed sensitivity analysis on the forecasts to check that the values arrived at could be supported by a range of performance outcomes that could be expected from the Company.
Carrying value of the retirement benefit obligation and disclosures of retirement benefit obligations	
There is a risk that the retirement benefit obligation amounting to £10,570,000 (2018: £7,628,000) and before deferred tax adjustment, has been incorrectly stated. Management are required to ensure that all retirement benefit obligations are appropriately disclosed.	Audit procedures were designed to ensure that reliance could be placed on the expert actuary. Additional procedures were designed to ensure that the calculations used were reasonable and that they were properly extracted from the report prepared by the actuary and presented in the consolidated financial statements. We confirm that we reviewed the accounting disclosures pertaining to retirement benefit obligations.
Accounting for the in-year disposal of Thames Valley Controls Limited	
On 30 September 2019, Dewhurst Plc sold the shares of Thames Valley Controls Limited for a consideration of £8 million before adjustments. This is the Group's first significant disposal of an investment and has resulted in a reportable gain of £5,992,000. Various judgements have been applied by management in determining some or part of the amounts. Management are required to determine the fair value of the assets and liabilities disposed and the fair value of the cash and other consideration received.	We obtained the signed contractual agreements relating to the disposal and read significant contract terms relevant to the accounting and disclosures in the financial statements. We corroborated the underlying information and substantively tested the accounting entries and supporting workings and evidence relating to the accounting for the assets and liabilities acquired. We evaluated the methodology and tested the mathematical accuracy of the calculations of the disposal and of the fair value of the consideration received.

Our application of materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgment, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Company financial statements
Overall materiality	£659,000 (30 September 2018: £545,000).	£209,000 (30 September 2018: £118,000).
How we determined it	A benchmark of 1% of Turnover was used to determine the materiality for the Group (2018: 1% of Turnover). The figure arrived at included the turnover from the disposed segment TVC which had contributed turnover of £9,487,000.	A benchmark of 1% of net assets.
Rationale for benchmark applied	We believe that using the turnover benchmark for the Group is an appropriate and accepted auditing benchmark.	We believe that using the net asset benchmark for the Parent Company is an appropriate and accepted auditing benchmark.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between £118,000 and £10,000.

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above £32,950 being 5% of Group financial materiality as a whole, as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

An overview of the scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgments, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

The Group financial statements are a consolidation of 16 reporting units, comprising the Group's operating businesses of which 15 components are trading subsidiaries of which 1 component was disposed at the year end. Each subsidiary has its own accounting records and controls and each reports to the head office finance team in the UK.

Of the 15 trading subsidiaries, we identified six which were considered to be significant components for the purposes of the Group financial statements, and which, in our view, required a full audit of their complete financial information in order to ensure that sufficient audit evidence was obtained. The Group audit team performed the statutory audit of the four trading UK subsidiaries, with full-scope Group instructions issued to the other two subsidiaries.

In addition, to the significant components, six subsidiaries were subject to full-scope audits in local jurisdictions, which were conducted such that the audit work was complete prior to completion of the Group financial statements. For these non-significant components, four were operating under our instruction on a limited scope basis.

For all subsidiaries which are subject to full-scope audits and had component Auditors, the Group audit team was in contact, at each stage of the audit, in line with detailed instructions issued and through planning calls and regular written communication with the component Auditors. Specifically, for all component teams, the Group team discussed in detail the planned audit approach at the component level and following the Group audit team review, discussed the detailed reported findings of the audit with each component team.

The remaining trading subsidiaries were not subject to full-scope audits. Specific audit procedures on certain balances and transactions were performed, based upon component materiality. This focused on revenue recognition, inventory valuation and existence and completeness of related parties.

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.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and Parent 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 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 and the part of the Directors' remuneration report to be audited 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 set out on page 19, 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 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.

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

Other matters which we are required to address

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company and we remain independent of the Group and the Parent Company in conducting our audit.

Our audit opinion is consistent with the additional Report to the Audit committee.

Use of this 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.

Sachin Ramaiya
Senior Statutory Auditor

For and on behalf of
Jeffreys Henry LLP
Statutory Auditors

Finsgate
5–7 Cranwood Street
London
EC1V 9EE

9 December 2019

Notice of meeting

Notice is hereby given that the one hundredth Annual General Meeting of Dewhurst plc will be held at its registered office, Unit 9 Hampton Business Park, Hampton Road West, Feltham, TW13 6DB on 18 February 2020 at 10:00 am. The meeting will be held in order to consider and, if thought fit, pass resolutions 1 to 6 as ordinary resolutions.

Ordinary resolutions

1 To receive and adopt the statement of accounts for the year ended 30 September 2019 and the Reports of the Directors and Auditor thereon.

2 To declare and approve a final dividend on the Ordinary and 'A' non-voting ordinary shares to Shareholders on the register of members on 17 January 2020.

3 To re-elect as a Director Mr J Sinclair, who retires by rotation under the Articles of Association.

4 To re-elect as a Director Mr J Bailey, who retires by rotation under the Articles of Association.

5 To re-appoint Jeffreys Henry LLP as Auditor at a fee to be agreed by the Directors.

6 As special business to consider and, if thought fit, pass the following ordinary resolution: that the Company be and is hereby generally and unconditionally authorised to make market purchases (within the meaning of section 693(4) of the Companies Act 2006) of up to an aggregate of 496,380 Ordinary shares and 764,955 'A' non-voting ordinary shares of 10p each (representing 15% of the issued share capital) in the Company at a price per share (exclusive of expenses) of not less than 10p and not more than 105% of the average of the middle market quotations for such Ordinary and 'A' non-voting ordinary shares, as derived from the Stock Exchange Daily Official List, for the ten dealing days immediately preceding the day of the purchase; such authority to expire at the conclusion of the Annual General Meeting to be held in 2021 save that the Company may purchase shares at any later date where such purchase is pursuant to any contract made by the Company before the expiry of this authority.

7 To transact any other ordinary business of the Company.

By order of the Board

Jared Sinclair
Secretary

31 December 2019

Notes

1 All Shareholders who wish to attend and vote at the meeting must be entered on the Company's register of members no later than 10:00 am on 16 February 2020 (being 48 hours prior to the time fixed for the meeting) or, in the case of an adjournment, as at 48 hours prior to the time of the adjourned meeting. Changes to entries on the register after that time will be disregarded in determining the rights of any person to attend or vote at the meeting.
'A' non-voting ordinary shares do not carry the right to attend or vote at meetings of the Company.

2 Shareholders entitled to attend and vote at the meeting may appoint a proxy or proxies to attend, vote and speak on their behalf. A proxy need not be a member of the Company. Investors who hold their shares through a nominee may wish to attend the meeting as a proxy, or to arrange for someone else to do so for them, in which case they should discuss this with their nominee or stockbroker. Shareholders are invited to complete and return the enclosed Proxy Form. Completion of the Proxy Form will not prevent a Shareholder from attending and voting at the meeting if subsequently he/she finds that he/she is able to do so. To be valid, completed Proxy Forms must be received by the Company Secretary at the registered office of the Company, Dewhurst plc, Unit 9 Hampton Business Park, Hampton Road West, Feltham, TW13 6DB or the scanned Proxy Form emailed to cosec@dewhurst.co.uk by no later than 48 hours before the time appointed for the holding of the meeting, or, in the case of an adjournment, as at 48 hours prior to the time of the adjourned meeting.

3 Representatives of Shareholders which are corporations attending the meeting should produce evidence of their appointment by an instrument executed in accordance with Section 44 of the Companies Act 2006 or signed on behalf of the corporation by a duly authorised officer or agent and in accordance with article 71 of the Company's Articles of Association.

4 The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those holders of Ordinary Shares registered in the register of members of the Company at 10:00 am on 16 February 2020 (being 48 hours prior to the time fixed for the meeting) shall be entitled to attend and vote at the Annual General Meeting in respect of such number of shares registered in their name at that time. Changes to entries in the register of members after that time shall be disregarded in determining the rights of any person to attend or vote at the meeting.

5 A copy of the Company's current Articles of Association will be available for inspection during usual business hours on any weekday (Saturdays, Sundays and Public Holidays excluded) at the registered office of the Company until the date of the Annual General Meeting and at the place of the meeting for 15 minutes prior to and until the termination of the meeting.

Group companies

HEAD OFFICE

Dewhurst plc

Unit 9, Hampton Business Park, Hampton Road West,
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Tel: 020 8744 8200 cosec@dewhurst.co.uk
www.dewhurst.plc.uk

UK SUBSIDIARIES

Dewhurst UK Ltd

Unit 9, Hampton Business Park, Hampton Road West,
Feltham, TW13 6DB
Tel: 020 8744 8200 info@dewhurst.co.uk
www.dewhurst.co.uk

A&A Electrical Distributors Ltd

234-262 Maybank Road, South Woodford, London, E18 1ET
Tel: 020 8559 7000 sales@aa-electrical.com
www.aa-electrical.com

Traffic Management Products Ltd

Unit 4, Nightingale Road, Horsham, West Sussex, RH12 2NW
Tel: 08456 808066 info@tmp.solutions
www.tmp.solutions

OVERSEAS SUBSIDIARIES

Dewhurst (Hungary) Kft

H-2038, Soskut, Hrsz. 3518/8, Hungary
Tel: 00 362 356 0550

Dupar Controls Inc.

1751 Bishop Street, Cambridge, Ontario, Canada, N1T 1N5
Tel: 001 519 624 2510 info@dupar.com
www.dupar.com

Elevator Research Manufacturing Corp.

1417 Elwood Street, Los Angeles, CA 90021, USA
Tel: 001 213 746 1914 sales@elevatorresearch.com
www.elevatorresearch.com

Australian Lift Components Pty Ltd

5 Saggartfield Road, Minto, NSW 2566, Australia
Tel: 00 612 9603 0200 info@ausliftcomp.com.au
www.ausliftcomp.com.au

P&R Liftcars Pty Ltd

7 Kiama Street, Miranda, NSW 2228, Australia
Tel: 00 612 9522 4777 info@prlift.com.au

Lift Material Australia Pty Ltd

PO Box 7164, Alexandria, Sydney, NSW 2015, Australia
Tel: 00 612 9310 4288 info@liftmaterial.com
www.liftmaterial.com

Dual Engraving Pty Ltd

104 Howe Street, Osborne Park, WA 6017, Australia
Tel: 00 618 9443 3677 garry@dualengraving.com.au
www.dualengraving.com.au

Dewhurst (Hong Kong) Ltd

Unit 19, 7/F, Block A, Hoi Luen Industrial Centre,
55 Hoi Yuen Road, Hong Kong
Tel: 00 852 3523 1563 flai@dewhurst.co.uk
www.dewhurst.co.uk

OTHER OVERSEAS REPRESENTATION

The Group maintains overseas representation in major countries throughout the world.

Advisers and company information

Auditors

Jeffreys Henry LLP
Chartered Accountants and Statutory Auditor
5–7 Cranwood Street, London, EC1V 9EE

Bankers

National Westminster Bank plc
275–277 High Street, Hounslow, Middlesex, TW3 1EG

Registrars

Link Market Services Ltd
Northern House, Woodsome Park, Fenay Bridge,
Huddersfield, West Yorkshire, HD8 0LA

Nominated adviser and broker

Cantor Fitzgerald Europe
5 Churchill Place, Canary Wharf, London, E14 5HU

Solicitors

Keystone Law
53 Davies Street, London, W1K 5JH

Secretary and registered office

Jared Sinclair
Dewhurst plc, Unit 9, Hampton Business Park,
Hampton Road West, Feltham, TW13 6DB

Registered No. 160314

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www.dewhurst.plc.uk

DEWHURST
CELEBRATING
100 YEARS

100
1919-2019