

# CREATING PRODUCTS FOR OUR FUTURE



# WE ARE A GLOBAL SUPPLIER OF QUALITY COMPONENTS TO THE LIFT, TRANSPORT AND KEYPAD INDUSTRIES

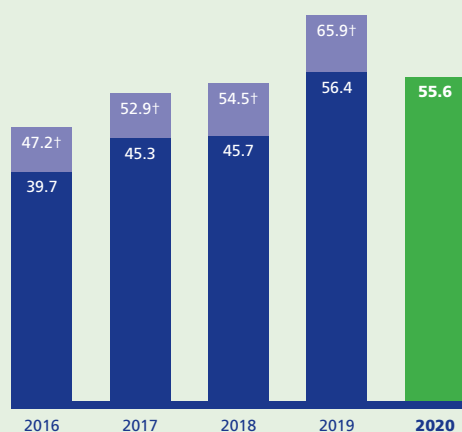
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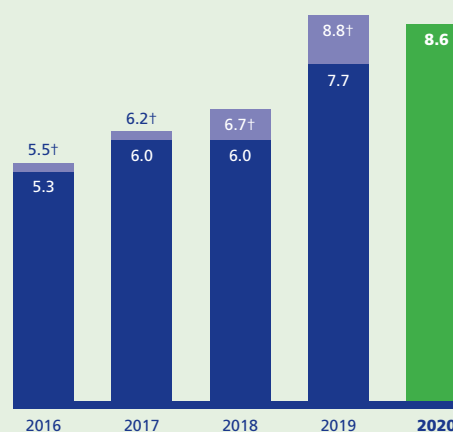
## FINANCIAL HIGHLIGHTS

Continuing operations	2020	2019
<b>Revenue</b>	<b>£55.6m</b>	£56.4m
<b>Operating profit*</b>	<b>£8.6m</b>	£7.7m
<b>Earnings per share (restated)</b>	<b>51.78p</b>	32.09p
<b>Dividend per share</b>	<b>13.00p</b>	13.00p

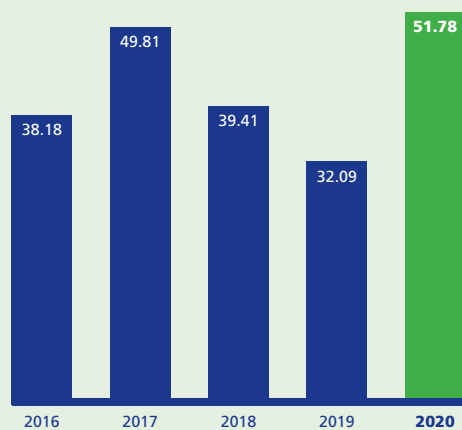
### REVENUE £ million



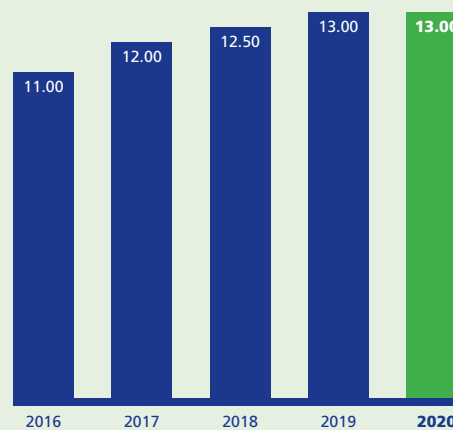
### OPERATING PROFIT\* £ million



### 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

† Total including discontinued operations

# PLANNING FOR OUR FUTURE



The determination of all our staff to support their customers has been a key driver in overcoming the numerous challenges presented by the pandemic.

**Richard Dewhurst**  
Chairman

## RESULTS

I am pleased that the Group has been able to navigate the difficult market conditions of this year reporting sales only slightly lower than last year. Group sales for the year to 30 September 2020 decreased 1.5% to £55.6 million (2019: £56.4 million). Despite the small decline in sales, the Group has achieved profits ahead of revised management expectations. Adjusted operating profit before amortisation of acquired intangibles and exceptional pension costs increased to £8.6 million (2019: £7.7 million) and profit before tax was £6.7 million (2019: £5.2 million).

Although sales were broadly flat overall, there were falls and rises across the Group's divisions. The Lift division was down approximately 4% with the drop primarily in the UK and Canada. Keypad sales also dropped significantly, partly due to the Covid-19 pandemic and the reduced use of cash machines and partly from the expected drop due to the run down in stock of an outgoing product. Transport and Highways on the other hand achieved significant growth in the UK, with record sales and profits, boosted by sales of cycle lane products. Currency movements were responsible for a £0.8 million fall in reported sales, with the pound strengthening against the Australian and Canadian dollars.

The Board recognises the importance of dividend payments to Shareholders, but given the abnormal situation this year is proposing to maintain the same level of final dividend as last year.

## OPERATIONS AND PEOPLE

This year's profit figures include some support from governments in the various countries in which the Group has operations. During the third quarter of our financial year we experienced sharp contractions in sales in a number of our businesses due to the pandemic and had to furlough staff in several locations. However, we found that we made up much of the lost ground from these reductions more quickly than expected in most businesses. It has, of course, been an extremely turbulent year and a real challenge for our people. So I would particularly like to thank all our staff this year for their dedication and determination in continuing to do their best to serve our customers. Clearly we have put in protocols and working practices to try to keep our employees safe during this period and we will continue to operate in this manner until it is safe to return to more normal arrangements.

Lift Material Australia (LMA) has been a member of the Dewhurst Group for 15 years and for all that period has been led by Tony Pegg. Tony has retired this November. I would like to pay tribute to his achievements in growing the sales and the breadth of the company during his long tenure and to thank him for his loyalty and support over the years. We welcome Halen Brown who is taking over as LMA general manager and wish him every success in the role. Halen joins us from a management role in Otis' Melbourne branch.

Closer to home, we are delighted to welcome Peter Dewhurst to the

business. Peter has taken on responsibility for commercial operations at Dewhurst UK.

## INVESTMENT

The major investment of the year is the building of a new factory for Dupar Controls in Canada. Work started on the building in January and is well on the way to completion. However, the build and fit out has inevitably been affected by the pandemic and so is a little behind schedule. We are still hoping to be able to occupy the new premises in early 2021. In the meantime, we have secured an offer to purchase Dupar's current factory, subject to contract.

## OUTLOOK

In terms of demand for lift products, we have escaped relatively lightly from the pandemic this year, but our business tends to lag behind movements in the economy generally by 1-2 years. Many of the projects for which we have been providing components this year were initiated before there was any hint of a pandemic. Market feedback suggests there is a definite lull in the commissioning of new projects, so we do have some concerns that demand may soften during 2021. However, at present demand is steady in most of our lift markets. Some of the current UK demand may be companies

stocking up ahead of Brexit at the end of the year, but we should get a clearer picture of that impact during the first quarter of 2021.

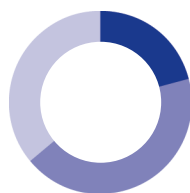
Keypads were much more seriously affected this year and the weak demand continues into the new year. We are not expecting to see an improvement in this division until economies begin to recover.

Highways and transport products may provide an opportunity for growth. The UK Government is committing more funds to providing safe cycle lanes, but at this stage it is not clear when these projects will be open for bidding, so timing for our sales opportunity is difficult to predict.

## DEWHURST AT A GLANCE

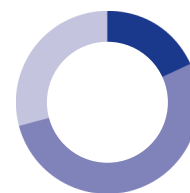


## WHERE WE OPERATE



Sales by region

● North America	21%
● UK, Europe & Middle East	43%
● Australia & Asia	36%



Employees by region

● North America	67
● UK, Europe & Middle East	194
● Australia & Asia	107

# INVESTING IN OUR FUTURE



Concern about virus impacts on lift users' safety led us to urgently develop new products. A range of contactless products have been launched and further products are in the pipeline.

**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 business review of the Group's operations is dealt with 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 return on 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

The hundredth and first year in the Company's history has been exceptional! The first half was business as usual. The second half was anything but, with the Covid-19 pandemic impacting business significantly. As a Group, we were extremely fortunate compared to many other businesses. Only one of our subsidiaries, (Dewhurst UK) closed for just three weeks. All other businesses remained open throughout.

Since March we have worked hard to create a safe environment for all our stakeholders at our various locations around the world. That all our

companies have effectively remained open throughout the pandemic is a great credit to our management team and staff. I join with our Chairman in thanking all our employees for their contributions in this very challenging year. The nature of many of our businesses is that staff are not able to work effectively from home, so in particular we thank our colleagues in the UK and overseas who continued to travel in to work when their respective countries were in lockdown.

The underlying reduction in demand for office space and for hotel accommodation is a concern. It has not affected the construction industry this year but it will likely have an impact in the future. That in turn will have a negative effect on demand for some of our products.

## UNITED KINGDOM

### DEWHURST UK LIMITED

This financial year has proved to be difficult for Dewhurst UK, with significantly reduced demand from our Middle East markets coupled with the impact of the pandemic. The business closed in late March for three weeks and demand in the following quarter was well below expectations. In July we took the decision to restructure the business, which involved a number of redundancies.

The increased concern about viruses around the world has created a need for us to seek solutions to improve safety for lift users. At Dewhurst UK we quickly developed a touchless solution for calling a lift at a landing and we are in the process of launching



**Contactless landing operating panel**  
 Perfect for new build, modernisation or retrofit applications with an adjustable trigger range for sensing.

## INNOVATING WITH OUR HYGIENE PLUS RANGE

**Antibacterial pushbuttons**  
 The US91 and US95 pushbuttons are manufactured with antibacterial protection to help prevent the unwanted growth of harmful bacteria.



two new products that provide a solution to touchless floor designation in the lift car.

We received our first significant order for our Train Despatch Equipment Unit (TDEU) which is for Birmingham New Street station. We will be fulfilling this order over the next two years. We also received Network Rail approval for the two critical components of the TDEU, which will lead to further business in the future.

We are continuing to invest in plant and machinery with the commissioning of a new semi-automatic studding machine for our pressel plates. In the coming year there will be significant focus on reducing waste as we work to minimise our carbon footprint.

### TRAFFIC MANAGEMENT PRODUCTS (TMP)

TMP continued to build on the sales success they had generated in the second half of last year. Throughout the first half of the year, we were successful in winning a number of significant orders for our Traffic Bollards both at home and overseas. The hard work of the team of TMP to create effective contacts within Local Authority traffic departments had paid off.

This work perhaps gained even more importance in the second half of the year. In May, the Government announced that it would create an emergency £250 million fund to create protected cycleways throughout





## PUTTING CYCLISTS FIRST



### TMP City Posts

Day or night protection for cyclists. Perfect for areas with high volumes of traffic, rebounding back to an upright position. It has been rigorously tested, enduring 100 impacts at 100 kmh.



Britain. TMP have a wide range of traffic separator products which are ideally positioned to meet the needs of the Government's desire to make it easier and safer for cyclists to get around. Helped by this government initiative demand for TMP's cycle products grew significantly in the second half of the year. This combined with a very solid first half performance led to record sales and profits at TMP.

### A&A ELECTRICAL DISTRIBUTORS (A&A)

A&A completed its second full year within the Group and the integration of the business is essentially complete.

Sales and profits were down on last year but as with Dewhurst UK, the business was significantly impacted by the pandemic. Sales in April and May were around half of normal levels. In June sales started to recover. The business continued to operate throughout the whole of the UK lockdown period, providing a vital role for the industry in the supply of spares items for breakdowns and repairs.

A&A rose to the challenge to develop products which helped make the lift environment a safer place. A new range of 'Site Essentials' was launched which included products such as anti-bacterial wipes, safe space floor stickers, surface sanitisers and face masks.

We continue to work to develop our e-Commerce solution and this project has moved on well. We are looking to launch our new site in the first quarter of 2021.

## EUROPE

### DEWHURST HUNGARY

We have experienced a challenging business environment throughout the year at Dewhurst Hungary, with significant variations in production volumes.

Demand for both ATMs and ATM spares was lower primarily due to the pandemic and this in turn meant that our sales and profits were down on the previous year.



## NORTH AMERICA

### DUPAR CONTROLS

The year started positively at Dupar with an improvement in the modernisation market, however as in the UK, Canada was impacted quite badly by the pandemic. Revenues were hit hard in April, May and June, which led to full year sales being down on last year. Good control of overheads however meant that we managed to achieve profits broadly in line with last year.

Early in 2020 we broke ground on our new facility at Boxwood Business Park in Cambridge, Ontario, just five miles from our existing plant. At 57,000 sq feet, it is over twice the size of our current facility. We envisage that it will satisfy our manufacturing needs in Canada for the foreseeable future.

The building is now close to completion and we anticipate handover in early 2021, with manufacturing at the new site due to commence in March. It has been frustrating not to be able to visit the site during the construction process due to current travel restrictions. It has meant that additional responsibility for this project has been borne by George Foleanu. He has done an excellent job in managing the build and we look forward to visiting the new plant when restrictions are lifted.

### ELEVATOR RESEARCH & MANUFACTURING (ERM)

It has been a turbulent year in the USA and perhaps even more so in Los Angeles. However, throughout the year the team at ERM have worked diligently and efficiently, continuing to focus on improving service levels to their customers. This has led to another year of sales and profit growth.

## AUSTRALIA & ASIA

### AUSTRALIAN LIFT COMPONENTS (ALC)

After the excellent growth we achieved last year, sales this year were broadly flat. In the circumstances that was a very creditable achievement. Business was well spread across the Eastern States and with the borders between States shut for much of the year, we benefitted from our local sales presence.

Towards the end of the year the reliability of our current laser cutting machine was becoming a concern. We therefore took the decision to invest in a new Amada Fibre Laser machine, very similar to the machines that we have at Dupar Controls and Dewhurst UK. The ALC machine will also benefit from an automated loader/unloader, which will allow us to operate the machine unmanned after hours. This will boost our capacity and improve productivity.

### P&R LIFT CARS (P&R)

P&R have experienced another very busy year, with continued high demand for their bespoke lift interiors. They have built specialist lift interiors for a

## BUILDING FOR OUR FUTURE

### Dupar Controls

A new state-of-the-art factory is being built for Dupar Controls in Ontario, Canada. The new facilities allow us to create a more efficient manufacturing space to cope with long term expected demand.



number of high end developments this year, such as Paramatta Square and the new Crown Casino in Sydney.

ALC and P&R continue to benefit from joint sales with virtually all P&R's interiors using lift fixtures supplied by ALC.

#### LIFT MATERIAL

We were unable to recruit a suitable candidate as General Manager at Lift Material before the pandemic struck, so Tony Pegg kindly delayed his retirement. He has run the business throughout the course of this year.

We now have a 20,000 sq feet warehouse, which is sufficient for our needs for the foreseeable future. The warehouse is located in Matraville which is within easy reach of all the major lift companies in Sydney.

In the late summer we restarted our search for Tony Pegg's replacement. We are pleased to welcome Halen Brown as our new General Manager. He has a wealth of experience in the lift industry and we wish him every success in his new role.

#### DUAL ENGRAVING

Sales and profits grew at Dual Engraving as the market in Western Australia continued to be reasonably buoyant.

Dual Engraving have an involvement in many high profile local projects. One such project is Metronet. This is the West Australian Government's ongoing plan to invest in public transport in Perth. The project involves the construction of 18 new stations over the next few years. Dual Engraving have been working closely with the lift contractor to supply interiors, fixtures and other components for the bespoke lift cars required for the stations.

#### DEWHURST HONG KONG

Good progress has been made at Dewhurst Hong Kong over the last year. Although sales have fallen slightly, which is not surprising in the current economic environment, profits have remained more or less on a par with last year.

We continue to strengthen our relations with our customers in Hong Kong and South East Asia and are looking to introduce a number of new products to the market over the next twelve months.

## EXPANDING OUR SAFETY RANGE

#### Brass Push

Alongside our current 'Hygiene Plus' pushbutton range, we have launched a Brass Push keyring attachment. A simple, but effective solution to ensure safety of all lift users.



The escalator handrail installation business has been curtailed by the pandemic and the subsequent closure of State borders. This has meant that we could only operate this element of the business in New South Wales. Sales and Profits at Lift Material were reduced primarily due to these restrictions.

We continue to promote a range of A&A products through Lift Material and although take up started relatively slowly, we are beginning to see increased traction for these products.

Lift Material moved into their new premises at the start of the year.

## PRINCIPAL RISKS AND UNCERTAINTIES

### RISK

### IMPACT

### MITIGATION

#### Operational

Covid-19. The pandemic has forced Governments around the world to apply restrictions in an attempt to control the spread of the virus. There are short term risks to sales and the supply chain and potential longer term impact to sales as the pipeline of new construction and investment could be delayed.

Possible fall in sales and/or production capacity. Difficulty maintaining production during lockdowns, as well as keeping staff and stakeholders safe.

Implement Covid-19 secure working practices around the Group - minimise travel, increase social distancing, provide perspex partitions and face coverings, implement procedures for regular hand washing, extra cleaning, etc. Look to develop products that reduce the spread of the virus such as our new Hygiene Plus range and products that complement and support Government projects such as cycle lane delineators.

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 to management is consistent.

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 competitive 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.

## SECTION 172(1) STAKEHOLDER COMPLIANCE STATEMENT

Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders in their decision making. They must make decisions in good faith that they believe will most likely promote the success of the Company for the benefit of its members as a whole. In making these decisions the Directors must consider, amongst other things:

- Likely long-term impact of their decisions
- Interests of employees and the need to act fairly between members of the Company
- The reputation of the Company and relationships with customers and suppliers
- The effect on the community and environment in which the Company operates

### KEY STAKEHOLDERS

### HOW WE ENGAGE

#### Shareholders

As an AIM listed business, we have a dedicated investor website with all key information and RNS updates. We also communicate regularly with investors particularly after trading updates as well as at the AGM.

#### Employees

Normally Group senior management would have a pattern of visits to all subsidiaries during the year. That has not been possible this year, but has been replaced by regular video conferences. Within the individual companies there are regular briefing sessions with employees on the performance of the company and key decisions and issues. Larger companies have a works council to discuss employee issues with employee representatives.

#### Customers

Our customers are at the heart of everything we do. We use email and social platforms to update them about new products and regularly review any feedback we receive to understand how we can improve their experience. This year we have increased the use of video conferencing to replace face to face meetings.

#### Suppliers

We have personal relationships across our supply chain and update each other through regular meetings and phone calls.

## Significant events/decisions 2020

### EVENT/DECISION

and stakeholders considered

### CONSIDERATIONS, ACTIONS & IMPACT

#### Covid-19 response

Shareholders, potential investors and lenders, employees, operating companies, customers, suppliers, government, society.

- The Board were quick to meet to understand the implications of the pandemic, with the health and wellbeing of our employees being central to the review.
- Policy and guidance were provided to all companies, but this had to be adapted to the local conditions in the relevant country and region.
- Local management teams were created to assist our operating companies in safety, operational and legal matters.
- Regular updates were provided to the Board on the welfare of our employees, potential site closures and financial and operational impact on our businesses.
- Given the uncertainty around the duration and impact of the pandemic the Board considered a wide range of short term and medium term operational and financial scenarios; the interests of employees, customers and suppliers were considered as well as the financial stability of the Group for Shareholders.
- The Board decided that in the interests of customers, suppliers and employee well-being all businesses should remain operational as long as premises could be made safe to operate; premises were adapted to create safe spacing for our employees and PPE was provided as appropriate.
- Although all businesses were operational, fluctuation in demand in various regions meant that it was necessary to furlough some staff during the year; the company maintained salaries for a period, with Government support, up to a capped level, but later in the year it was necessary to restructure some of the businesses to reduce overall staffing levels for the long term security of the business and remaining employees.

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**EVENT/DECISION**

and stakeholders considered

**CONSIDERATIONS, ACTIONS & IMPACT**

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- Support from government grants in different countries allowed us to minimise staff redundancies and secure the Group's cash reserves and its ability to trade through the pandemic.
- We recognised the great work that our staff have done to support our customers during this challenging time in a variety of ways.

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**Maximising cash availability**

Shareholders, operating companies, employees, customers and suppliers.

- As part of our Covid response it was decided we needed to maximise the availability of cash during the pandemic.
- We triggered any Group money held on notice accounts to be returned to instant access bank accounts.
- Debtors were chased promptly as they fell due to minimise bad debts.
- We also wanted to ensure that we supported and treated our suppliers fairly, so we maintained our policy of prompt payments to all our suppliers.
- We switched the financing of Dupar's property under construction from an internal loan to a local bank loan.
- We did not want to maximise cash at the expense of future growth or productivity, so we continued to invest in machinery, technologies and new product development opportunities that support our businesses and governments to build back stronger.
- Similarly we continued to consider opportunities to enhance shareholder earnings such as share repurchases, for long term benefit.

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**Dividend**

Shareholders, potential investors, employees, customers and suppliers.

- We considered the impact on our Shareholders of a change in our dividend policy and decided that our cash reserves and Group performance allowed us to maintain a dividend at previous levels, whilst still being prudent.
- We assessed the effect the receipt of Government grants might have on our dividend policy, but decided it was still appropriate to pay a dividend; the grants helped us retain jobs and provided funds for investment in the businesses affected.

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**Brexit**

Customers and suppliers.

- The uncertainty about the impact of Brexit has persisted through the year.
- We have continued our regular reviews of actions that might be necessary; as a result we have put in place additional stock at various businesses; we have also assessed the contingency plans and readiness of suppliers and particularly our freight suppliers.
- We are assuming there will be some disruption to supplies in the first quarter of 2021, whether there is no agreement or some agreement between the UK Government and the EU.

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**Dupar's property construction**

Shareholders, employees, customers and suppliers.

- We considered whether the pausing of the construction of Dupar's new premises was necessary to conserve cash.
- We decided it was necessary to continue this long term project to develop Dupar's manufacturing capacity and support increasing customer demand across North America.
- To minimise the impact on the Group's liquid resources we decided to switch the financing from a parent company loan to a local bank loan.

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The information provided in the Chairman's statement, Review of operations, Strategic report – Principal risks and uncertainties, and the Financial review all form part of the requirement by CA2006 to be included in a strategic report.



# CONFIDENCE IN OUR FUTURE



The Group's cash reserves and policy of owning our operating premises where practicable has given us security through this challenging year.

**Jared Sinclair**  
Finance Director

## TRADING RESULTS

It is pleasing to report strong trading results despite an extremely difficult year due to the Covid-19 pandemic impacting operations from the start of 2020 onwards. With local shutdowns and travel restrictions the Group and its staff, to their testament, adjusted very quickly to the new 'Covid safe' working arrangements to continue to manufacture products and deliver to customers in what can only be described as challenging times. Keypad sales saw the biggest impact being 36% down on last year whereas we saw a relatively modest 4% reduction in Lift sales. However, with the UK Government looking to 'build back greener' TMP saw a 143% increase in Transport sales in the latter part of the year through cycle lane delineators.

Jobs and salaries were maintained as much as possible during shutdowns with some staff furloughed but supported by the Company and various Governments' schemes around the world. The total support from all Governments was £1.5 million of which £0.5 million was received in the UK.

Overall revenue decreased by 1.5% to £55.6 million (2019: £56.4 million) but adjusted operating profit increased by 12.1% to £8.6 million (2019: £7.7 million).

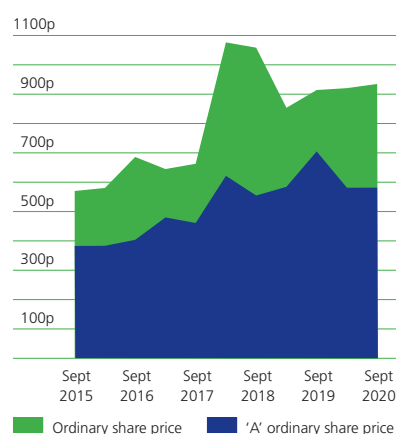
Although a significant proportion of the Group's revenue and profits are generated and held in foreign currency, foreign exchange retranslation had a negligible impact on the reporting performance of the Group this year with like-for-like revenue and profit before tax decreasing by 2% each.

## SOLID CASH POSITION

At the start of the pandemic any Group cash 'on notice' was drawn back into instant access accounts to be available to support our trading subsidiaries. Equally, the funding of the Dupar building construction was switched from an intended Group loan to a local line of credit with our Canadian Bank in Toronto to maximise available Group cash if support were needed. Despite our initial concerns, it is pleasing to look back now, and report Group support was not needed as our customers and their orders returned shortly after lockdowns were lifted for construction and manufacturing. We started the year with no borrowing or bank overdraft facility and finished the year with only a small bank borrowing of £69k in Canada.

During the year, the Group spent £3.4 million (C\$5.8 million) on the Dupar building construction, £1.6 million on a share repurchase as well as £0.6 million as a result of the first 12-month

## SHAREHOLDERS' RETURN





deferred consideration payment to the former owners of A&A Electrical Distributors Ltd (A&A). A second and final 12-month deferred consideration to the former owners of A&A is still to be made in 2021. The Group ended the year with cash of £18.1 million, up £1.1 million from £17.0 million in 2019.

### PENSION SCHEME DEFICIT

The Company paid in a total of £1.4 million contributions into the pension scheme during the year and despite significant volatility in the equity markets the pension scheme assets outperformed expectations by £0.7 million. Nevertheless, the scheme deficit still increased by £0.7 million to £11.3 million in 2020 (2019: £10.6 million) as a result of the liability discount rate dropping and mortality assumptions improving which both negatively impacted the scheme deficit.

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

### GROUP FIVE YEAR REVIEW

Continuing operations	2016 £(000)	2017 £(000)	2018 £(000)	2019 £(000)	2020 £(000)
Revenue	39,666	45,280	45,730	56,446	<b>55,617</b>
Adjusted operating profit*	5,303	6,007	6,013	7,700	<b>8,630</b>
Profit before taxation	4,886	5,729	5,253	5,244	<b>6,740</b>
As a percentage of total equity	19.3%	18.0%	14.2%	12.3%	<b>15.7%</b>
Taxation	1,598	1,347	1,710	2,149	<b>2,061</b>
Profit after taxation	3,288	4,382	3,543	3,095	<b>4,679</b>
Total equity	25,258	31,893	37,008	42,680	<b>42,826</b>
ROTIC <sup>1</sup>	12.0%	12.8%	13.1%	12.5%	<b>13.6%</b>
EPS <sup>^</sup>	38.18p	49.81p	39.41p	32.09p	<b>51.78p</b>
Dividends per share	11.00p	12.00p	12.50p	13.00p	<b>13.00p</b>
Defective parts per million	3,241	1,236	1,525	1,932	<b>1,085</b>
On time delivery (%)	90%	92%	90%	90%	<b>91%</b>

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

<sup>1</sup> ROTIC - Return on Total Invested Capital being Adjusted operating profit\* / Total invested capital. Total invested capital is total equity adjusted for net retirement benefit obligations and the associated deferred tax, cumulative amortisation of acquired intangibles and historical depreciation or impairments to goodwill.

<sup>^</sup> Earnings per share (EPS) – basic and diluted.

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 2020 has not been accrued at the end of the reporting period. The total dividend for 2020 of 13.0p per share is the same as 2019 and is covered 4.4 times by earnings.

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 16.

8 December 2020

# DIRECTING OUR FUTURE



**Richard Dewhurst** BA (Eng Sc), ACMA  
Chairman **R**

Age 64. Joined in 1985. Previously with Ford Motor Co, Ernst & Whinney, Senior Management Consultant.



**David Dewhurst** BSc (Elec Eng)  
Group Managing Director

Age 59. Joined in 1987. Previously with Holmes & Marchant plc.



**Jared Sinclair** BSc, ACA  
Finance Director and  
Company Secretary

Age 50. Joined in 1997. Previously with Moores Rowland, Chartered Accountants, Audit Senior.



**John Bailey**  
Managing Director, A&A Electrical  
Distributors Ltd

Age 50. Joined in 2008. Previously with Brett Landscaping & Building Products, Commercial Director.



**Peter Tett** MA, MSc  
Non-executive Director **A** **R**

Age 81. Joined in 2000. Previously with Halma plc, Director.

## COMMITTEE MEMBERSHIP

### Remuneration committee

Meets once per year

Chairman **R**

Member **R**

### Audit committee

Meets twice per year

Chairman **A**

Alan Warren, Non-executive Director,  
resigned on 30 June 2020.

## 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. The QCA Code continues to be applied during its financial year ended 30 September 2020.

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](http://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 eight times this year and deals with all important aspects of the Group's affairs. During the year Mr P Tett was unable to attend two executive meetings and Mr A Warren 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 47 to 51.

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.

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 2020.

### RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £4.7 million (2019: £10.2 million).

A final dividend on the Ordinary and 'A' non-voting ordinary shares of 9.25p per share (2019: 9.25p) for the financial year ended 30 September 2020 will be proposed at the Annual General Meeting (AGM) to be held on 16 February 2021. If approved, this dividend will be paid on 24 February 2021 to members on the register at 22 January 2021. The ex-dividend date will be 21 January 2021.

An interim dividend of 3.75p per share (2019: 3.75p) was paid on 18 August 2020.

A final dividend on the Ordinary and 'A' non-voting ordinary shares of 9.25p per share (2018: 9.00p) which amounted to £778k (2018: £758k) for the financial year ended 30 September 2019 was approved at the AGM held on 18 February 2020 and was paid on 26 February 2020 to members on the register at 17 January 2020.

### SHARE REPURCHASES

On 3 July 2020 the Company purchased 327,500 of its own 'A' non-voting ordinary 10p shares for £1,637,500 which were earnings enhancing. At the time of purchase these shares amounted to 3.9% 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:

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Mr R M Dewhurst (Chairman)  
 Mr D Dewhurst  
 (Group Managing Director)  
 Mr J C Sinclair  
 Mr J Bailey  
 Mr P Tett (Non-executive)  
 Mr A Warren (Non-executive)  
 – resigned 30 June 2020

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The Directors retiring by rotation at this year's Annual General Meeting are Mr P Tett and Mr J Sinclair who, being eligible, offer themselves for re-election. The unexpired period of Mr P Tett and Mr J Sinclair'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.

### 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 2020 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 2019.

	30 September 2020		30 September 2019	
	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 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 2020 and 30 September 2019 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 and fees £(000)	Bonus £(000)	Benefits in kind £(000)	Pension £(000)	2020 Total £(000)	2019 Total £(000)
<b>Continuing operations</b>						
<b>Executive Directors:</b>						
Mr R M Dewhurst	124	118	4	–	246	434
Mr D Dewhurst	125	99	3	–	227	405
Mr J C Sinclair	106	32	–	17	155	219
Mr J Bailey	132	49	2	2	185	189
<b>Non-executive Directors:</b>						
Mr P Tett	20	–	–	–	20	20
Mr A Warren	15	–	–	–	15	20
	522	298	9	19	848	1,287

The calculation of Group Directors' bonuses excludes any benefit from government grants received.

## SUBSTANTIAL SHAREHOLDINGS

At 20 November 2020, 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:

JIM Nominees Ltd	620,000
Mrs V E Dewhurst	518,000
Interactive Investor Services Nominees Ltd	319,543
Pershing Nominees Ltd	287,000
Vidacos Nominees Ltd	248,500
Hargreaves Lansdown Nominees Ltd (15942 acct)	182,262
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.

## ENVIRONMENT

The Company recognises that all of its activities have an environmental impact and carbon footprint. Our approach is to limit our manufacturing impact by operating geographically close to our end markets. We also encourage our companies to improve their energy efficiency. Actions that have been taken to improve our efficiency are the switching to LED lighting where possible, trialling electric company vehicles as well as installing solar panels at one of our overseas factories. With Covid-19 and greater restrictions on travel there has also been an increased use of video conferencing rather than face to face meetings.

**GHG EMISSIONS AND ENERGY USE DATA**

	2020 MWh	2020 Tonnes of CO <sub>2</sub> e
Scope 1 – UK gas usage	762	140
Scope 1 – UK transport usage	364	92
Scope 2 – UK electricity usage	699	246
<b>Total UK usage</b>	<b>1,825</b>	<b>478</b>
Intensity measure:		
tonnes of CO <sub>2</sub> e emissions per £ millions of UK revenue		24.3

The methodology for gathering the gas and electricity usage was to obtain the MWh's from the utility providers' bills whereas for transport usage the actual or calculated business miles were obtained from expense claims or recorded mileage forms. Both were converted using the National Energy Foundation's carbon calculator.

**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.

**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 during this Covid-19 pandemic and for the foreseeable future. The strong performance, statement of position as well as robust cash reserves lead the Directors to 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

8 December 2020

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 September 2020	Notes	2020 £(000)	2019 £(000)
<b>Continuing operations</b>			
<b>Revenue</b>	2	<b>55,617</b>	56,446
Operating costs	3	<b>(48,654)</b>	(51,052)
Adjusted operating profit*		<b>8,630</b>	7,700
Pension charge – GMP equalisation	21	<b>–</b>	(639)
Amortisation of acquired intangibles	11	<b>(1,667)</b>	(1,667)
<b>Operating profit</b>		<b>6,963</b>	5,394
Finance income	5	<b>58</b>	34
Finance costs	6	<b>(281)</b>	(184)
<b>Profit before taxation</b>		<b>6,740</b>	5,244
Taxation	7	<b>(2,061)</b>	(2,149)
<b>Profit from continuing operations</b>		<b>4,679</b>	3,095
<b>Discontinued operations</b>			
Profit and gain from discontinued operations (net of tax)^		<b>–</b>	7,079
<b>Profit for the period</b>	8	<b>4,679</b>	10,174
<b>Other comprehensive income:</b>			
Actuarial gains/(losses) on the defined benefit pension scheme	21	<b>(1,886)</b>	(4,559)
Deferred tax effect		<b>358</b>	775
Tax on items taken directly to equity		<b>226</b>	314
Total that will not be subsequently reclassified to income statement		<b>(1,302)</b>	(3,470)
Exchange differences on translation of foreign operations		<b>(215)</b>	308
Total that may be subsequently reclassified to income statement		<b>(215)</b>	308
<b>Other comprehensive income/(expense) for the year, net of tax</b>		<b>(1,517)</b>	(3,162)
<b>Total comprehensive income for the year</b>		<b>3,162</b>	7,012
Profit for the year attributable to:			
Equity Shareholders of the Company		<b>4,312</b>	9,780
Non-controlling interests		<b>367</b>	394
		<b>4,679</b>	10,174
Total comprehensive income for the year attributable to:			
Equity Shareholders of the Company		<b>2,783</b>	6,620
Non-controlling interests		<b>379</b>	392
		<b>3,162</b>	7,012
<b>Basic and diluted earnings per share</b>	9	<b>51.78p</b>	116.23p
<b>Basic and diluted earnings per share – continuing operations</b>	9	<b>51.78p</b>	32.09p

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

^ Thames Valley Controls Ltd was disposed of on 30/09/19 and the comparative profit and gain was fully reported in the 2019 annual report and accounts.

The notes on pages 24–43 form part of these financial statements

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 30 September 2020	Notes	2020 £(000)	2019 £(000)
<b>Non-current assets</b>			
Goodwill	10	9,743	9,719
Other intangibles	11	1,139	2,831
Property, plant and equipment	12	16,947	13,225
Right-of-use assets	22	3,273	–
Deferred tax asset	19	2,621	2,198
		<b>33,723</b>	27,973
<b>Current assets</b>			
Inventories	14	6,208	6,010
Trade and other receivables	15	9,553	10,993
Cash and cash equivalents	16	18,139	16,980
		<b>33,900</b>	33,983
<b>Total assets</b>		<b>67,623</b>	61,956
<b>Current liabilities</b>			
Trade and other payables	17	9,433	8,180
Borrowings	24	69	–
Current tax liabilities		268	249
Short-term provisions	18	343	277
Lease liabilities	22	443	–
		<b>10,556</b>	8,706
<b>Non-current liabilities</b>			
Retirement benefit obligation	21	11,268	10,570
Lease liabilities	22	2,973	–
<b>Total liabilities</b>		<b>24,797</b>	19,276
<b>Net assets</b>		<b>42,826</b>	42,680
<b>Equity</b>			
Share capital	20	808	841
Share premium account		157	157
Capital redemption reserve		329	296
Translation reserve		2,047	2,274
Retained earnings		38,042	37,847
<b>Total attributable to equity Shareholders of the Company</b>		<b>41,383</b>	41,415
Non-controlling interests		1,443	1,265
<b>Total equity</b>		<b>42,826</b>	42,680

The financial statements were approved by the Board of Directors and authorised for issue on 8 December 2020 and were signed on its behalf by:

**Richard Dewhurst** Chairman

**Jared Sinclair** Finance Director

Company Registration Number: 160314

The notes on pages 24–43 form part of these financial statements

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium account	Capital redemption reserve	Translation reserve	Retained earnings	Non controlling interest	Total equity
For the year ended 30 September 2020	£(000)	£(000)	£(000)	£(000)	£(000)	£(000)	£(000)
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
<b>At 30 September 2019</b>	<b>841</b>	<b>157</b>	<b>296</b>	<b>2,274</b>	<b>37,847</b>	<b>1,265</b>	<b>42,680</b>
<b>Impact from IFRS 16 'leases'</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(85)</b>	<b>(11)</b>	<b>(96)</b>
<b>At 30 September 2019 (restated)</b>	<b>841</b>	<b>157</b>	<b>296</b>	<b>2,274</b>	<b>37,762</b>	<b>1,254</b>	<b>42,584</b>
Share repurchase	(33)	–	33	–	(1,637)	–	(1,637)
Exchange differences on translation of foreign operations	–	–	–	(227)	–	12	(215)
Actuarial gains/(losses) on defined benefit pension scheme	–	–	–	–	(1,886)	–	(1,886)
Deferred tax effect	–	–	–	–	358	–	358
Tax on items taken directly to equity	–	–	–	–	226	–	226
Dividends paid	–	–	–	–	(1,093)	(190)	(1,283)
Profit for the year	–	–	–	–	4,312	367	4,679
<b>At 30 September 2020</b>	<b>808</b>	<b>157</b>	<b>329</b>	<b>2,047</b>	<b>38,042</b>	<b>1,443</b>	<b>42,826</b>

The notes on pages 24–43 form part of these financial statements

## CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 September 2020	Notes	2020 £(000)	2019 £(000)
<b>Cash flows from operating activities</b>			
Operating profit – continuing operations		<b>6,963</b>	5,394
Operating profit – discontinued operations		–	1,077
Operating profit		<b>6,963</b>	6,471
Depreciation and amortisation		<b>2,663</b>	2,857
Right-of-use asset depreciation	22	<b>351</b>	–
Contributions to pension scheme, net of administration fee & GMP equalisation costs		<b>(1,366)</b>	(1,800)
Exchange adjustments		<b>(33)</b>	111
(Profit)/loss on disposal of property, plant and equipment		<b>64</b>	(13)
		<b>8,642</b>	7,626
(Increase)/decrease in inventories		<b>(198)</b>	(838)
(Increase)/decrease in trade and other receivables		<b>1,385</b>	888
Increase/(decrease) in trade and other payables		<b>1,243</b>	617
Increase/(decrease) in provisions		<b>66</b>	46
Cash generated from operations		<b>11,138</b>	8,339
Interest paid		<b>(2)</b>	(1)
Tax paid – continuing operations		<b>(1,871)</b>	(1,921)
Tax paid – discontinued operations		–	10
Tax paid		<b>(1,873)</b>	(1,912)
<b>Net cash from operating activities</b>		<b>9,265</b>	6,427
<b>Cash flows from investing activities</b>			
Acquisition of subsidiary undertaking		<b>(624)</b>	–
Proceeds on disposal of a subsidiary (net of cash disposed)		<b>55</b>	7,514
Proceeds from sale of property, plant and equipment		<b>35</b>	57
Purchase of property, plant and equipment		<b>(4,257)</b>	(5,233)
Development costs capitalised		<b>(12)</b>	(41)
Interest received		<b>58</b>	34
<b>Net cash generated from/(used in) investing activities</b>		<b>(4,745)</b>	2,331
<b>Cash flows from financing activities</b>			
Dividends paid	9	<b>(1,283)</b>	(1,258)
Purchase of own shares		<b>(1,637)</b>	(82)
Repayment of lease liabilities including interest	22	<b>(381)</b>	–
Proceeds from bank borrowings	24	<b>69</b>	–
<b>Net cash used in financing activities</b>		<b>(3,232)</b>	(1,340)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>1,288</b>	7,418
Cash and cash equivalents at beginning of year	16	<b>16,980</b>	9,440
Exchange adjustments on cash and cash equivalents		<b>(129)</b>	122
<b>Cash and cash equivalents at end of year</b>	16	<b>18,139</b>	16,980

The notes on pages 24–43 form part of these financial statements

## 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.

With effect from 1 October 2019 the Group has adopted the new accounting standard IFRS 16 'Leases' and applied the modified retrospective approach. IFRS 16 provides a single on-balance sheet accounting model for lessees which recognises a right-of-use asset, representing its right to use the underlying asset, and a lease liability, representing its obligations to make payment in respect of the use of the underlying asset. The distinction between finance and operating leases for lessees is removed. Comparatives for the prior year have not been restated and the reclassifications and adjustments arising from the new leasing standard are therefore recognised in the opening balance sheet on 1 October 2019 as follows and in note 22:

	1 Oct 2019 £(000)
<b>Non-current assets</b>	
Right-of-use assets	2,764
<b>Total assets</b>	<b>2,764</b>
<b>Current liabilities</b>	
Lease liabilities	(274)
<b>Non-current liabilities</b>	
Lease liabilities	(2,586)
<b>Total liabilities</b>	<b>(2,860)</b>
<b>Total movement in retained earnings as at 1 October 2019</b>	<b>(96)</b>

On adoption of IFRS 16, the Group recognised liabilities for leases which had been classified as operating leases under previous accounting standards. The lease liability has been measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate as at 1 October 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 October 2019 was between 3.5%-4.3%.

**Practical expedients applied** In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- Relied on previous assessments of whether leases are onerous.
- Excluded initial direct costs for the measurement of right-of-use assets at the date of the initial application.
- Applied the transition relief to long-term leases ending within 12 months of the date of initial application of the standard.
- Applied the transition relief exempting short-term leases and low value leases.
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

	1 Oct 2019 £(000)
<b>Operating lease commitments as disclosed at 30 September 2019</b>	<b>1,747</b>
Reconciling items	
– Low-value leases recognised on a straight-line basis as expense	(40)
– Long-term leases ending within 12 months recognised on a straight-line basis as expense	(389)
– Recognition difference on lease changes and extension assumptions	1,991
– Effect of discounting (at incremental borrowing rate as at 1 October 2019)	(449)
<b>Lease liability recognised as at 1 October 2019</b>	<b>2,860</b>

#### IMPACT ON THE INCOME STATEMENT

The impact on the income statement for the twelve months ended 30 September 2020 is to increase operating profit by £30k but increase finance costs by £101k resulting in a decrease in profit before tax of £71k.

#### IMPACT ON THE CASH FLOW STATEMENT

There has been a change to the classification of cash flows in the cash flow statement with operating lease payments previously categorised as net cash used in operations now reported within financing activities as repayment of lease liabilities including interest. In the twelve months to 30 September 2020 there are £381k of lease repayments comprising £280k of capital repayments of lease liabilities and £101k of interest paid.

There are no standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.



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 2020, 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 Group has no material revenue of a servicing nature. The Group's revenue is 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.

**Government grants** The Group has received government assistance income in the period as a result of the Covid-19 pandemic. Government grants are recognised where there is reasonable assurance that the grant will be received and

that the Group will comply with the conditions attached to them. Government grants that compensate the Group for expenses incurred are recognised in the income statement, as a deduction against the related expense, over the periods necessary to match them with the related costs.

**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 33⅓% – 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

NOTE 1 ACCOUNTING POLICIES *continued*

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.

**Leases** The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, comprising the initial amount of the lease liability plus any initial direct costs incurred and an estimate of costs to restore the underlying asset, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the asset or the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the incremental borrowing rate. The lease liability is measured at amortised cost using the effective interest method by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made. The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or a rate or a change in the Group's assessment of whether it will exercise an extension or termination option. When the lease liability is remeasured, a corresponding adjustment is made to the right-of-use asset.

Payments associated with long-term leases with less than 12 months from the date of application, short-term leases or low-value assets are recognised on a straight-line basis as an expense in the consolidated income statement. Short-term leases are leases with a lease term of 12 months or less. Low-value assets mostly comprise of IT equipment and small items of office furniture.

**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 2020 fair value calculation to be the 2020 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 14, 15 and 18.

**Lease term and incremental borrowing rate** The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised. The Group is also required to determine its incremental borrowing rate (IBR) to measure lease liabilities. Judgement is applied based on a series of inputs including local bank borrowing rates, country-specific base rates and credit risk assessments of the entities involved.

**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:

	2020 £(000)	Revenue 2019 £(000)	2020 £(000)	Operating profit 2019 £(000)
United Kingdom	19,692	17,407	1,164	(438)
Europe	5,108	7,847	197	927
The Americas	12,807	13,921	1,849	1,299
Asia & Australia	21,163	21,342	3,699	3,697
Other	726	461	54	(91)
	59,496	60,978	6,963	5,394
Inter-company sales	(3,879)	(4,532)		
Finance income/(costs)			(223)	(150)
Consolidated revenue/profit before tax for the year	55,617	56,446	6,740	5,244

	2020 £(000)	Assets 2019 £(000)	2020 £(000)	Liabilities 2019 £(000)
United Kingdom	26,784	24,784	10,958	8,152
Europe	4,984	6,096	1,965	2,169
The Americas	13,820	13,112	4,672	4,149
Asia & Australia	21,818	17,941	6,558	4,328
Other	217	23	644	478
Consolidated assets/liabilities for the year	67,623	61,956	24,797	19,276

	2020 £(000)	Capital additions 2019 £(000)	2020 £(000)	Depreciation and amortisation 2019 £(000)
United Kingdom	334	1,751	2,231	2,104
Europe	110	104	117	130
The Americas	4,119	1,328	224	283
Asia & Australia	1,147	3,205	426	329
Other	21	7	16	11
Total Group	5,731	6,395	3,014	2,857

The secondary segmental reporting is by the following business sectors:

Sector	2020 £(000)	Revenue 2019 £(000)
Lift	48,501	50,690
Transport	6,139	2,631
Keypad	4,856	7,657
	59,496	60,978
Inter-company sales	(3,879)	(4,532)
	55,617	56,446

	2020 £(000)	Assets 2019 £(000)	2020 £(000)	Capital additions 2019 £(000)
Lift	58,795	54,804	5,510	6,154
Transport	4,816	1,893	126	159
Keypad	4,012	5,259	95	82
Total Group	67,623	61,956	5,731	6,395

The Group has one major customer who accounts for £4.5 million (2019: £7.0 million) of the keypad revenue which is split across Europe, Asia and the Americas. The qualitative aspects such as the nature, timing and uncertainty of revenue, expenses, assets and liabilities are disclosed within the Strategic report and accounting policies.

### NOTE 3 OPERATING COSTS

	2020 £(000)	2019 £(000)
Movement in inventory obsolescence provision	66	(16)
Cost of inventories recognised as an expense	25,587	25,583
Staff costs (see note 4)	15,604	17,819
Depreciation	976	1,055
Amortisation	1,687	1,721
Right-of-use asset depreciation	351	–
Foreign exchange differences	141	(120)
Other operating charges	4,242	5,010
Operating costs	48,654	51,052

Other operating charges include loss on sale of property, plant and equipment £64k (2019: gain of £12k) and auditor's remuneration are detailed below. Expenditure on research and development was £316k (2019: £349k).

Auditor's remuneration:

	2020 £(000)	The Group 2019 £(000)	2020 £(000)	The Company 2019 £(000)
<b>Amounts paid to Jeffreys Henry LLP</b>				
Statutory audit services	66	72	25	33
<b>Amounts paid to BDO LLP</b>				
Pension audit services	13	6	10	3
Taxation compliance services	21	10	9	1
Other taxation advisory services	17	17	17	17
	51	33	36	21
	117	105	61	54

## NOTE 4 STAFF COSTS AND INFORMATION REGARDING EMPLOYEES

Costs during the year were as follows:

	2020 £(000)	The Group 2019 £(000)	2020 £(000)	The Company 2019 £(000)
Wages and salaries	13,824	15,499	661	1,280
Social security costs	943	1,028	72	141
Pension costs – GMP equalisation	–	639	–	639
Pension costs – Other (see note 21)	837	653	78	60
	15,604	17,819	811	2,120

The Group has utilised government support measures in the geographies in which it operates, including employee furlough schemes and job keeper schemes. The total UK, Hong Kong, Hungarian, Canadian and Australian government grant income recognised in the year in relation to these schemes was £1.5 million (2019: nil). These grants have been deducted against the related wage and salary costs. There are no unfulfilled conditions or contingencies attached to these grants.

The average number of employees during the year was:

	2020 No.	The Group 2019 No.	2020 No.	The Company 2019 No.
Office and management	149	153	7	8
Manufacturing	219	225	–	–
	368	378	7	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:

	2020 £(000)	2019 £(000)
Emoluments - Executive Directors	794	1,234
Emoluments - Non-executive Directors	35	40
	829	1,274

Two Directors also received pension payments into their defined contribution schemes totalling £19k (2019: £13k).

The emoluments of the Directors are reported on page 17 of the Report of the Directors and the remuneration of the highest paid Director during the year was £246k (2019: £434k). The highest paid Director, under the defined benefit scheme has accrued pension of £149k (2019: £143k) and a transfer value of £3,131k (2019: £3,643k).

## NOTE 5 FINANCE INCOME

	2020 £(000)	2019 £(000)
Bank deposit interest	58	34



## NOTE 6 FINANCE COSTS

	2020 £(000)	2019 £(000)
Interest payable on bank overdraft and loans	(2)	(1)
Interest payable on lease liabilities	(101)	–
Net costs on defined benefit pension scheme (note 21)	(178)	(183)
	<b>(281)</b>	<b>(184)</b>

## NOTE 7 TAX

	2020 £(000)	2019 £(000)
Current tax		
UK corporation tax at 19.0% (2019: 19.0%)	460	286
Adjustment on prior years tax	33	43
Overseas taxation	1,628	1,623
	<b>2,121</b>	<b>1,952</b>
Deferred tax		
Origination and reversal of temporary differences	(60)	197
<b>Tax expense in the income statement</b>	<b>2,061</b>	<b>2,149</b>

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

	2020 £(000)	2019 £(000)
<b>Profit before tax</b>	<b>6,740</b>	<b>5,244</b>
Standard rate of corporation tax in the UK	19.0%	19.0%
Effects of:		
Adjustments in respect of prior years	0.5%	0.8%
Overseas withholding tax	–	0.1%
Different rate of tax on overseas earnings	8.9%	9.6%
Additional reduction for R&D expenditure	(0.5%)	(0.6%)
Expenses not deductible for tax purposes	5.5%	17.0%
Tax on items taken directly to equity	–	(6.2%)
Other permanent differences	–	0.3%
Deferred tax not recognised	(2.8%)	1.0%
<b>Effective tax rate for the year</b>	<b>30.6%</b>	<b>41.0%</b>

## NOTE 8 PROFIT FOR THE FINANCIAL YEAR

The Company profit for the year includes £2,476k (2019: £7,110k) 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

	2020 No.	2019 No.
<b>Weighted average number of shares</b>		
For basic and diluted earnings per share	<b>8,328,365</b>	8,413,983

The calculation of basic and diluted earnings per share is based on the profit for the financial year of £4,312,233 and on 8,328,365 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.

	2020 £(000)	2019 £(000)
<b>Paid dividends per 10p Ordinary share</b>		
2019 final paid of 9.25p (2018: 9.00p)	<b>(778)</b>	(758)
2020 interim paid of 3.75p (2019: 3.75p)	<b>(315)</b>	(316)
Dividends paid – The Company	<b>(1,093)</b>	(1,074)
Dividends paid to non-controlling interests – Dual Engraving Pty Ltd & P&R Liftcars Pty Ltd	<b>(190)</b>	(184)
Dividends paid – The Group	<b>(1,283)</b>	(1,258)

The final proposed dividend is based on 3,309,200 Ordinary 10p shares and 4,772,198 'A' non-voting ordinary 10p shares, being the latest number of shares in issue. The Directors are proposing a final dividend of 9.25p (2019: 9.25p) per share, totalling £748k (2019: £778k). This dividend has not been accrued at the end of the reporting period.

## NOTE 10 GOODWILL

	2020 £(000)	The Group 2019 £(000)
<b>Cost or valuation:</b>		
At 1 October	<b>16,535</b>	15,332
Exchange adjustment	<b>(20)</b>	82
Additions on acquisition of subsidiaries	<b>–</b>	1,121
<b>At 30 September</b>	<b>16,515</b>	16,535
<b>Impairment:</b>		
At 1 October	<b>6,816</b>	6,734
Exchange adjustment	<b>(44)</b>	82
<b>At 30 September</b>	<b>6,772</b>	6,816
<b>Net book value:</b>		
<b>At 30 September</b>	<b>9,743</b>	9,719

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 – £1,139k (2019: £1,132k), Lift Material Australia Pty Ltd acquired in July 2005 – £811k (2019: £807k), Dual Engraving Pty Ltd acquired in February 2013 – £1,266k (2019: £1,259k), P&R Liftcars Pty Ltd acquired in January 2019 – £1,107k (2019: £1,101k) and one in the UK, A&A Electrical Distributors Ltd acquired in June 2018 – £5,420k (2019: £5,420k).

Goodwill values have been tested for impairment by comparing them against the fair value of the relevant CGUs. The fair value calculations for 2020 are based on 2020 EBITDA profits multiplied by an externally derived private company price index (PCPI). The goodwill impairment charge that arose during the current year is nil (2019: 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

	2020 Acquired intangibles £(000)	2020 Other £(000)	2020 Total £(000)	2019 Acquired intangibles £(000)	2019 Other £(000)	The Group 2019 Total £(000)
<b>Cost or valuation:</b>						
At 1 October	5,878	1,008	6,886	5,878	962	6,840
Exchange adjustment	5	(3)	2	–	5	5
Additions	–	12	12	–	41	41
Disposals	–	(393)	(393)	–	–	–
At 30 September	5,883	624	6,507	5,878	1,008	6,886
<b>Amortisation:</b>						
At 1 October	3,100	955	4,055	1,433	897	2,330
Exchange adjustment	5	(3)	2	–	4	4
Charge for the year	1,667	20	1,687	1,667	54	1,721
Disposals	–	(376)	(376)	–	–	–
At 30 September	4,772	596	5,368	3,100	955	4,055
<b>Net book value:</b>						
At 30 September 2020	1,111	28	1,139	2,778	53	2,831
At 30 September 2019	2,778	53	2,831	4,445	65	4,510

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

	Property £(000)	Plant and equipment £(000)	The Group Total £(000)	Property £(000)	Plant and equipment £(000)	The Company Total £(000)
<b>Cost or valuation:</b>						
At 30 September 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
<b>Exchange adjustment</b>	<b>(107)</b>	<b>(87)</b>	<b>(194)</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Additions</b>	<b>4,036</b>	<b>855</b>	<b>4,891</b>	<b>–</b>	<b>85</b>	<b>85</b>
<b>Disposals</b>	<b>–</b>	<b>(387)</b>	<b>(387)</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>At 30 September 2020</b>	<b>16,389</b>	<b>9,851</b>	<b>26,240</b>	<b>6,197</b>	<b>266</b>	<b>6,463</b>
<b>Depreciation:</b>						
At 30 September 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
<b>Exchange adjustment</b>	<b>(18)</b>	<b>(65)</b>	<b>(83)</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Charge for the year</b>	<b>196</b>	<b>780</b>	<b>976</b>	<b>107</b>	<b>16</b>	<b>123</b>
<b>Disposals</b>	<b>–</b>	<b>(305)</b>	<b>(305)</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>At 30 September 2020</b>	<b>2,226</b>	<b>7,067</b>	<b>9,293</b>	<b>1,115</b>	<b>169</b>	<b>1,284</b>
<b>Net book value:</b>						
<b>At 30 September 2020</b>	<b>14,163</b>	<b>2,784</b>	<b>16,947</b>	<b>5,082</b>	<b>97</b>	<b>5,179</b>
At 30 September 2019	10,412	2,813	13,225	5,189	28	5,217

Included within property additions above is £4.0 million (2019: nil) of assets under construction, being the new Dupar Controls property. Capital commitments contracted by the Group at 30 September 2020 for property, plant and equipment amounted to £2,165k (2019: £200k) and by the Company is nil (2019: nil).

## NOTE 13 INVESTMENTS – SHARES IN SUBSIDIARY UNDERTAKINGS

The Company	2020	2019
Investments (Ordinary shares) are:	£(000)	£(000)
Cost	22,354	22,654
Provision for impairment	(7,002)	(7,002)
Disposal (Thames Valley Controls Ltd)	–	(300)
	15,352	15,352
Investments in subsidiary undertakings are:	2020	2019
	£(000)	£(000)
<b>Cost (after provision for impairment):</b>		
Dewhurst UK Ltd	–	–
A&A Electrical Distributors Ltd	10,886	10,886
Thames Valley Controls Ltd	–	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
	15,352	15,652
<b>Disposal</b>		
Thames Valley Controls Ltd (sold on 30/09/2019)	–	(300)
	15,352	15,352

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 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

	2020 £(000)	The Group 2019 £(000)	2020 £(000)	The Company 2019 £(000)
Raw materials and components	1,519	1,832	–	–
Work-in-progress	672	589	–	–
Finished goods and goods for re-sale	4,017	3,589	–	–
	<b>6,208</b>	6,010	–	–

Inventory above is shown net after an obsolete impairment provision of £908k (2019: £842k). There is no material difference between the replacement cost of inventories and the amounts stated above.

## NOTE 15 TRADE AND OTHER RECEIVABLES

	2020 £(000)	The Group 2019 £(000)	2020 £(000)	The Company 2019 £(000)
Trade receivables	9,178	10,583	2	–
Amounts due from subsidiary undertakings (note 23)	–	–	–	1,961
Other receivables	–	194	16	62
Prepayments and accrued income	375	216	47	19
	<b>9,553</b>	10,993	<b>65</b>	2,042

Trade receivables which relate solely to contracts with customers are shown net of provision for impairment. As a result of the increased risks perceived from Covid-19 this year the Group increased its provision for impairment by £200k (2019: nil). The movements in the provision for impairment of trade receivables were as follows:

	2020 £(000)	The Group 2019 £(000)	2020 £(000)	The Company 2019 £(000)
At 1 October	334	173	–	–
Charge for the year	80	168	–	–
Foreign exchange	(12)	(8)	–	–
Costs recovered / (incurred)	(6)	1	–	–
At 30 September	<b>396</b>	334	–	–

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)
<b>As at 30 September 2020</b>	<b>9,178</b>	<b>7,708</b>	<b>1,123</b>	<b>283</b>	<b>64</b>
As at 30 September 2019	10,583	8,273	1,822	244	244

These receivables are of good credit quality.



## NOTE 16 CASH AND CASH EQUIVALENTS

	2020 £(000)	The Group 2019 £(000)	2020 £(000)	The Company 2019 £(000)
Cash	18,139	16,980	8,732	9,383
	18,139	16,980	8,732	9,383

## NOTE 17 TRADE AND OTHER PAYABLES

	2020 £(000)	The Group 2019 £(000)	2020 £(000)	The Company 2019 £(000)
Trade payables	2,835	1,700	12	13
Other taxes and social security costs	1,152	864	14	15
Other payables	1,239	1,587	761	1,383
Accruals and deferred income	4,207	4,029	330	944
	9,433	8,180	1,117	2,355

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

## NOTE 18 SHORT-TERM PROVISIONS

	2020 £(000)	The Group 2019 £(000)	2020 £(000)	The Company 2019 £(000)
Warranty provisions	343	277	–	–

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 during the year were £101k (2019: £126k). Amounts utilised by the Group in the year were £35k (2019: £59k). There were no amounts charged or utilised this year or last year by the Company.

## NOTE 19 DEFERRED TAXATION

	2020 £(000)	The Group 2019 £(000)	2020 £(000)	The Company 2019 £(000)
<b>Deferred tax asset:</b>				
At 1 October	2,198	1,639	1,797	1,297
Transfer directly (to)/from other comprehensive income	358	775	358	775
Foreign exchange on deferred tax	5	(20)	–	–
Transfer (to)/from income statement	60	(196)	(14)	(275)
<b>At 30 September</b>	<b>2,621</b>	<b>2,198</b>	<b>2,141</b>	<b>1,797</b>
	2020 £(000)	The Group 2019 £(000)	2020 £(000)	The Company 2019 £(000)
Deferred tax at 30 September relates to the following:				
Defined benefit pension scheme	2,141	1,797	2,141	1,797
Provisions	480	401	–	–
<b>Deferred tax asset</b>	<b>2,621</b>	<b>2,198</b>	<b>2,141</b>	<b>1,797</b>

## NOTE 20 SHARE CAPITAL

<b>Authorised:</b>	<b>2020 £(000)</b>	<b>2019 £(000)</b>
Shares of 10p each – 4,500,000 Ordinary	<b>450</b>	450
– 9,000,000 'A' non-voting ordinary	<b>900</b>	900
	<b>1,350</b>	1,350
<b>Allotted and fully paid:</b>	<b>2020 £(000)</b>	<b>2019 £(000)</b>
Shares of 10p each – 3,309,200 (2019: 3,309,200) Ordinary	<b>331</b>	331
– 4,772,198 (2019: 5,099,698) 'A' non-voting ordinary	<b>477</b>	510
	<b>808</b>	841

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 was £837k (2019: £1,452k). All, apart from nil (2019: £639k) relating to defined benefit pension scheme GMP equalisation and £42k (2019: £27k) 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 £795k (2019: £786k). There was an accrued charge of £20k at the end of the reporting period in respect of the defined benefit scheme (2019: an accrual of £17k). 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 (2019: £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.) and the contributions for next year will be £1,404k. 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. The next triennially review is in June 2021.

On 20 November 2020, the High Court ruled that pension schemes will need to revisit individual transfer payments made since 17 May 1990 to check if any additional value needs to be transferred as a result of GMP equalisation. This will be reviewed by the actuary in 2021, though it is not currently possible to quantify the impact.

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 18 years and payments from the scheme assets are made on a monthly basis.

### Assumptions

The following actuarial assumptions, updated to 30 September 2020 by the scheme actuary and taking account of Covid-19, have been used in preparing the disclosures required under IAS 19:

	2020	2019
Retail price index expected to rise by	<b>2.90%</b>	3.05%
Pensionable salaries will increase by	<b>n/a</b>	n/a
Deferred pensions and pensions in payment will increase by	<b>2.90%</b>	3.05%
Liabilities discounted at a rate of	<b>1.60%</b>	1.80%
Expected return on pension scheme assets	<b>1.60%</b>	1.80%
Expected lifetime for a member retiring at the accounting date – for males	<b>22.2 yrs</b>	21.5 yrs
– for females	<b>24.1 yrs</b>	23.4 yrs
Future expected lifetime for a member retiring in 20 years' time – for males	<b>23.5 yrs</b>	22.8 yrs
– for females	<b>25.7 yrs</b>	24.9 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 0.8%
Rate of mortality	Increase/decrease by 1 year	Increase/decrease by 3.3%

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 2020 £(000)	Fair value at 30 Sept 2019 £(000)	Fair value at 30 Sept 2018 £(000)
Equities	<b>35,157</b>	28,756	21,197
Bonds	<b>7,150</b>	8,773	12,858
Other	<b>3,482</b>	6,179	3,649
Total fair value of scheme assets	<b>45,789</b>	43,708	37,704
Present value of scheme liabilities	<b>(57,057)</b>	(54,278)	(45,332)
Scheme deficit	<b>(11,268)</b>	(10,570)	(7,628)
Related deferred tax asset	<b>2,141</b>	1,797	1,297
<b>Net pension liability</b>	<b>(9,127)</b>	(8,773)	(6,331)

The amounts charged to operating profit in relation to current service costs (GMP Equalisation) are £nil (2019: £639k and 2018: £nil).

	2020 £(000)	2019 £(000)	2018 £(000)
Amounts charged to other finance costs:			
Interest on pension scheme assets	<b>792</b>	1,097	946
Interest on pension scheme liabilities	<b>(970)</b>	(1,280)	(1,234)
<b>Net benefit/(cost)</b>	<b>(178)</b>	(183)	(288)

NOTE 21 RETIREMENT BENEFIT OBLIGATION *continued*

Amounts recognised in the statement of comprehensive income (SOCl):	2020 £(000)	2019 £(000)	2018 £(000)
Experience gains and losses arising on the scheme assets	754	3,346	177
Experience gains and losses arising on the scheme liabilities	133	–	607
Changes in assumptions underlying the present value of the scheme liabilities	(2,773)	(7,905)	2,296
<b>Actuarial gains/(losses) recognised in SOCl</b>	<b>(1,886)</b>	<b>(4,559)</b>	<b>3,080</b>

History of experience gains and losses:	2020 £(000)	2019 £(000)	2018 £(000)
Experience gains and losses arising on the scheme assets	754	3,346	177
Percentage of scheme assets	1.6%	7.7%	0.5%
Experience gains and losses on scheme liabilities	133	–	607
Percentage of the present value of scheme liabilities	(0.2%)	0%	(1.3%)
Total amount recognised in SOCl	(1,886)	(4,559)	3,080
Percentage of the present value of scheme liabilities	3.3%	8.4%	(6.8%)

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

	2020 Assets £(000)	2020 Liabilities £(000)	2020 Total £(000)	2019 Total £(000)	2018 Total £(000)
Deficit in scheme at 1 October	43,708	(54,278)	(10,570)	(7,628)	(11,751)
Movement in the year:					
Benefits paid	(831)	831	–	–	–
Contributions	1,404	–	1,404	2,504	1,404
Administration charge	(38)	–	(38)	(65)	(73)
Current Service Costs (GMP equalisation)	–	–	–	(639)	–
Other finance costs	792	(970)	(178)	(183)	(288)
Actuarial gains/(losses)	754	(2,640)	(1,886)	(4,559)	3,080
<b>Deficit in scheme at 30 September</b>	<b>45,789</b>	<b>(57,057)</b>	<b>(11,268)</b>	<b>(10,570)</b>	<b>(7,628)</b>

Included in retained earnings is £18,268k (2019: £16,382k) being the cumulative actuarial losses on the defined benefit pension scheme.

## NOTE 22 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

	Property £(000)	Plant and equipment £(000)	2020 Total £(000)	2019 Total £(000)
<b>Right-of-use assets</b>				
<b>Cost or valuation:</b>				
At 30 September 2019	–	–	–	–
Impact from IFRS 16 'Leases' (note 1)	2,732	32	2,764	–
At 1 October 2019	2,732	32	2,764	–
Exchange adjustment	34	–	34	–
Additions	807	21	828	–
<b>At 30 September 2020</b>	<b>3,573</b>	<b>53</b>	<b>3,626</b>	<b>–</b>
<b>Depreciation:</b>				
At 30 September 2019	–	–	–	–
Exchange adjustment	2	–	2	–
Charge for the year	331	20	351	–
<b>At 30 September 2020</b>	<b>333</b>	<b>20</b>	<b>353</b>	<b>–</b>
<b>Net book value:</b>				
<b>At 30 September 2020</b>	<b>3,240</b>	<b>33</b>	<b>3,273</b>	<b>–</b>
At 30 September 2019	–	–	–	–
<b>Lease liabilities</b>			2020 £(000)	2019 £(000)
<b>Cost or valuation:</b>				
At 30 September 2019			–	–
Impact from IFRS 16 'Leases' (note 1)			2,860	–
At 1 October 2019			2,860	–
Exchange adjustment			8	–
Additions			828	–
Interest			101	–
Repayments			(381)	–
<b>At 30 September 2020</b>			<b>3,416</b>	<b>–</b>
<b>Of which:</b>				
Current lease liabilities			443	–
Non-current lease liabilities			2,973	–
			<b>3,416</b>	<b>–</b>

Of the non-current lease liabilities £1,901k falls due in the next 2 to 5 years and £1,072k after 5 years. Other operating charges include short-term leases paid and expensed on a straight-line basis of £239k as well as, under transitional rules, long-term leases ending within 12 months of £212k.

## 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.

Company related party transactions	2020 £(000)	2019 £(000)
Management charges to subsidiaries	1,076	1,359
Rent from A&A Electrical Distributors Ltd Retirement Benefit Scheme <sup>1</sup>	183	220
Rent charges to subsidiaries	150	230
Interest income received	54	86
Expected credit losses charged to income statement	(980)	(1,200)
Dividend income received	2,889	1,403
Dividends paid to Directors	146	144
Loans and trade receivables due	980	3,161

<sup>1</sup> 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 2020 for £183k (2019: £220k). 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 £4.7 million (2019: £12.1 million) and the Santander bank £8.6 million (2019: £0.4 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 3.8%
Group Profit	Weaken/strengthen by 10%	Increase/decrease by 5.1%
Group Net Assets	Weaken/strengthen by 10%	Increase/decrease by 3.1%

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)
<b>As at 30 September 2020</b>	<b>8,171</b>	<b>7,838</b>	<b>–</b>	<b>333</b>
As at 30 September 2019	7,257	6,233	754	270

### Currency and interest rate exposure of financial assets and liabilities

The cash and cash equivalent amount of £18,139k (2019: £16,980k) is made up of cash of £18,139k (2019: £16,980k) and short-term deposits of nil (2019: nil). The cash was invested at overnight rates based on the relevant national LIBOR. Of the cash, £13,125k (2019: £11,220k) is denominated in GB Pounds with the balance of £5,014k (2019: £5,760k) held in foreign currencies. Other financial assets and liabilities do not attract interest.

### Currency and interest profile

	Floating rate assets £(000)	Fixed rate assets £(000)	Interest free assets £(000)	The Group Interest free liabilities £(000)	Floating rate assets £(000)	Fixed rate assets £(000)	Interest free assets £(000)	The Company Interest free liabilities £(000)
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
<b>GB Pounds</b>	<b>13,125</b>	<b>–</b>	<b>3,940</b>	<b>1,053</b>	<b>8,728</b>	<b>–</b>	<b>3</b>	<b>12</b>
<b>AUS Dollars</b>	<b>3,570</b>	<b>–</b>	<b>2,673</b>	<b>483</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>US Dollars</b>	<b>1,243</b>	<b>–</b>	<b>1,150</b>	<b>895</b>	<b>4</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>CAN Dollars</b>	<b>(17)</b>	<b>–</b>	<b>1,211</b>	<b>149</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Other</b>	<b>218</b>	<b>–</b>	<b>203</b>	<b>255</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>At 30 September 2020</b>	<b>18,139</b>	<b>–</b>	<b>9,177</b>	<b>2,835</b>	<b>8,732</b>	<b>–</b>	<b>3</b>	<b>12</b>

The only operations that hold material monetary assets and liabilities in currencies other than their functional currency are Traffic Management Products Ltd (TMP), Dupar Controls Inc and Dewhurst (Hungary) Kft. TMP holds trade payables denominated in US Dollars with a balance of £650k (2019: £nil), Dupar holds trade receivables denominated in US Dollars with a balance of £183k (2019: £158k), Dewhurst (Hungary) Kft holds trade receivables denominated in US Dollars with a balance of £525k (2019: £1,719k) and trade payables denominated in Euros with a balance of £30k (2019: £113k).

### 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.

### Borrowings – bank lines of credit

The Group through Dupar Controls Inc has two lines of credit at the year end whilst it builds its new premises. There is a £1.5 million (C\$2.5 million) operating line of credit bearing interest at Canadian prime plus 0.5% and at the year end the amount borrowed was £69k (2019: no facility). In addition to this, Dupar also has a £3.5 million (C\$6.0 million) construction line of credit bearing interest at Canadian prime plus 1.0% and at the year end the amount borrowed was £nil (2019: no facility). These credit facilities are secured by a general security agreement, as well as collateral mortgages on the commercial properties of Dupar Controls Inc.

## COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital account £(000)	Share premium reserve £(000)	Capital redemption £(000)	Retained earnings £(000)	Total equity £(000)
For the year ended 30 September 2020					
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
<b>At 30 September 2019</b>	<b>841</b>	<b>157</b>	<b>296</b>	<b>19,572</b>	<b>20,866</b>
<b>Share repurchase</b>	<b>(33)</b>	<b>–</b>	<b>33</b>	<b>(1,637)</b>	<b>(1,637)</b>
<b>Actuarial gains/(losses) on defined benefit pension scheme</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(1,886)</b>	<b>(1,886)</b>
<b>Deferred tax effect</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>358</b>	<b>358</b>
<b>Dividends paid</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(1,093)</b>	<b>(1,093)</b>
<b>Profit for the year</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>2,476</b>	<b>2,476</b>
<b>At 30 September 2020</b>	<b>808</b>	<b>157</b>	<b>329</b>	<b>17,790</b>	<b>19,084</b>

The notes on pages 24–43 form part of these financial statements

## COMPANY STATEMENT OF FINANCIAL POSITION

At 30 September 2020	Notes	2020 £(000)	2019 £(000)
<b>Non-current assets</b>			
Property, plant and equipment	12	5,179	5,217
Deferred tax asset	19	2,141	1,797
Investments in subsidiaries	13	15,352	15,352
		<b>22,672</b>	22,366
<b>Current assets</b>			
Trade and other receivables	15	65	2,042
Cash and cash equivalents	16	8,732	9,383
		<b>8,797</b>	11,425
<b>Total assets</b>		<b>31,469</b>	33,791
<b>Current liabilities</b>			
Trade and other payables	17	1,117	2,355
		<b>1,117</b>	2,355
<b>Non-current liabilities</b>			
Retirement benefit obligation	21	11,268	10,570
<b>Total liabilities</b>		<b>12,385</b>	12,925
<b>Net assets</b>		<b>19,084</b>	20,866
<b>Equity</b>			
Share capital	20	808	841
Share premium account		157	157
Capital redemption reserve		329	296
Retained earnings		17,790	19,572
<b>Total equity</b>		<b>19,084</b>	20,866

The financial statements were approved by the Board of Directors and authorised for issue on 8 December 2020 and were signed on its behalf by:

**Richard Dewhurst** Chairman

**Jared Sinclair** Finance Director

Company Registration Number: 160314

The notes on pages 24–43 form part of these financial statements

## COMPANY CASH FLOW STATEMENT

For the year ended 30 September 2020	Notes	2020 £(000)	2019 £(000)
<b>Cash flows from operating activities</b>			
Operating profit/(loss)		(311)	(2,719)
Depreciation and amortisation		123	121
Contributions to pension scheme, net of administration fee & GMP equalisation		(1,366)	(1,800)
Write-down and disposal of investments		–	475
		(1,554)	(3,923)
(Increase)/decrease in trade and other receivables		1,922	531
Increase/(decrease) in trade and other payables		(614)	614
Cash generated from/(used in) operations		(246)	(2,778)
Income tax paid		(3)	(5)
<b>Net cash from/(used in) operating activities</b>		<b>(249)</b>	<b>(2,783)</b>
<b>Cash flows from investing activities</b>			
Proceeds on disposal of a subsidiary (TVC Ltd)		55	8,800
Acquisition of subsidiary undertaking		(624)	–
Purchase of property, plant and equipment		(85)	(9)
Interest received		94	89
Dividends received		2,888	1,403
<b>Net cash generated from/(used in) investing activities</b>		<b>2,328</b>	<b>10,283</b>
<b>Cash flows from financing activities</b>			
Dividends paid	9	(1,093)	(1,074)
Purchase of own shares		(1,637)	(82)
<b>Net cash used in financing activities</b>		<b>(2,730)</b>	<b>(1,156)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(651)</b>	<b>6,344</b>
Cash and cash equivalents at beginning of year	16	9,383	3,039
<b>Cash and cash equivalents at end of year</b>	16	<b>8,732</b>	<b>9,383</b>

The notes on pages 24–43 form part of these financial statements

## REPORT OF THE INDEPENDENT AUDITOR

### Independent auditor's report to the members of Dewhurst plc for the year ended 30 September 2020.

#### OPINION

We have audited the financial statements of Dewhurst Plc (the 'Company') and its subsidiaries (the 'Group') for the period ended 30 September 2020 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 2020 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 adoption of IFRS16 - Leases

These are explained in more detail below.

##### Audit scope

- We conducted audits of the complete financial information of Dewhurst Plc, Dewhurst UK 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 £55,617,000 (2019: £56,446,000) for the year to 30 September 2020.

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. The Group has no material sources of revenue relating to the sale of services.

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 £6,208,000 (2019: £6,010,000) of inventory as at 30 September 2020.

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, either in person or virtually, 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.

#### Investments/Intangibles carrying value

The Company has investments of £15,352,000 (2019: £15,352,000). And the Group had Goodwill and Intangible assets of £10,882,000 (2019: £12,550,000).

The Company has amounts due from Group companies of £Nil (2019: £1,961,000).

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.



## KEY AUDIT MATTERS

### Key audit matter

### How our audit addressed the key audit matter

#### Investments/Intangibles carrying value continued

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 Other Intangibles relate to the acquisition of A&A Electrical Distributors Ltd in 2018, which is being written off over 3 years.

There were no permitted adjustments to the goodwill figure but payments were made in the current and prior year due to an earn-out which was accrued for in the Goodwill balance. We have checked that any adjustment made passed through the income statement.

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 £11,268,000 (2019: £10,570,000) 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 adoption of new accounting standard IFRS16 - Leases

The Group has applied IFRS16 retrospectively from 1 October 2019 and has not restated comparative information. The cumulative effect of initially applying the Standard has been recognised as an adjustment to the opening balance of retained earnings as disclosed in note 1.

On transition to IFRS16 the Group recognised Right-of-Use ("ROU") Assets of £2,764,000 and lease liabilities of £2,860,000 with an adjustment through retained earnings of £96,000.

At the year end, the carrying value of the Right of use Assets was £3,273,000.

We have performed the following audit procedures:

- Understood the accounting of the Group's adoption of IFRS 16;
- Verified the completeness of underlying lease contracts considered applicable to IFRS 16 as on the date of transition;
- Verified the accuracy of recognised right of use assets and lease liabilities both on the transition date as well as the reporting date;
- Ensured the reasonableness of the incremental borrowing rate used for discounting the future lease payments;
- Verified whether the lease term used is the enforceable lease term in accordance with IFRS 16; and
- Assessed the key judgements applied and estimates made by the management and verified whether the disclosures within the financial statements are in accordance with IFRSs.

We are satisfied that the disclosure of the expected impact of IFRS 16 is in accordance with the Group's stated accounting policy.

### 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

##### Overall materiality

£556,000 (30 September 2019: £659,000).

#### Company financial statements

£191,000 (30 September 2019: £209,000).

##### How we determined it

A benchmark of 1% of Turnover was used to determine the materiality for the Group (2019: 1% of Turnover). The prior year 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 turnover is a primary measure used by shareholders in assessing the performance of the Group and is an appropriate and accepted auditing benchmark.

We consider an asset based measure best reflects the nature of the Company which acts as a parent holding company for the Group's investments.

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 £10,000 and £191,000.

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above £27,500 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 15 reporting units, comprising the Group's operating businesses of which 13 components are trading subsidiaries. Each subsidiary has its own accounting records and controls and each reports to the head office finance team in the UK.

Of the 13 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 three trading UK subsidiaries, with full-scope Group instructions issued to the other three subsidiaries.

In addition to the significant components, seven subsidiaries were subject to non-statutory 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, component auditors 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,

debtor recoverability 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Report of the Directors 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 Report of the Directors.

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](http://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

8 December 2020

## NOTICE OF MEETING

Notice is hereby given that the one hundredth and one 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 16 February 2021 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 2020 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 22 January 2021.

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

**4** To re-elect as a Director Mr J Sinclair, 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 715,830 '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 2022 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 2020

### 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 14 February 2021 (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 [cossec@dewhurst.co.uk](mailto:cossec@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 14 February 2021 (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,  
Feltham, TW13 6DB  
Tel: 020 8744 8200

cosec@dewhurst.co.uk  
www.dewhurst.co.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 6, Trident Drive,  
Wednesbury, WS10 7XB  
Tel: 020 8744 8201

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

Unit 2, 73 Beauchamp Road,  
Matraville, NSW 2036, 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

#### N+1 Singer

1 Bartholomew Lane,  
London, EC2N 2AX

### SOLICITORS

#### Taylor Wessing LLP

5 New Street Square,  
London, EC4A 3TW

### SECRETARY AND REGISTERED OFFICE

#### Jared Sinclair

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

Registered No. 160314





