

**B.E. Wedge Holdings Limited**

Annual Report and Financial Statements

Year Ended

31 March 2020

Company Number 00336600

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# **B.E. Wedge Holdings Limited**

## **Company Information**

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**Directors**

J F Woolridge (Chairman)  
D I Pepper  
C J Leighfield  
D A Naylor  
A H Newman  
A H Curtis  
C J Woolridge  
J D Parsons  
R H Marris  
A L Haworth  
S A Milnes

**Company secretary** D L Graham

**Registered number** 00336600

**Registered office**

Stafford Street  
Willenhall  
West Midlands  
WV13 1RZ

**Independent auditor**

RSM UK Audit LLP  
St Philips Point  
Temple Row  
Birmingham  
B2 5AF

# **B.E. Wedge Holdings Limited**

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# **B.E. Wedge Holdings Limited**

## **Group Strategic Report For the Year Ended 31 March 2020**

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The directors present their strategic report together with the audited financial statements for the year ended 31 March 2020.

### **Principal activity**

The principal activity of the company is that of a holding company.

The principal activity of the group during the year has been that of galvanizers and sales of related products, to the manufacturing trades operating throughout Great Britain, the South East of the United States of America and a number of countries in Continental Europe. Galvanizing is a highly sustainable, cost effective metal finishing process which affords steel products long lasting, hygienic and durable corrosion protection.

### **Business review**

The start of the year was marked by the tragic death of one of our colleagues in the UK, a commercial vehicle driver, whilst attending a customer's premises. The formal inquest is still pending and so further comment would be inappropriate at the time of writing other than to reiterate the company's deepest sympathy and support to the family.

In August, our East Anglian Galvanizing plant was severely damaged by fire, rendering the process line inoperable for more than 4 months. During this time, the plant's customers continued to be serviced by the group's other plants around the country. The way in which this was successfully achieved is a testament to the loyalty and dedication of the group's employees and the effectiveness of the network of plants working cohesively to continue to satisfy our valued customers' needs. The losses resulting from the fire are insured. The portion of interim settlements relating to business interruption costs have been credited to the profit and loss account in the year, whilst the net outstanding amount relating to repairs and the like is included in prepayments at the year end and should be subsequently recovered once the final settlement is concluded, expected during the next financial year.

In the USA, the commissioning of our newly constructed plant at Laurens, South Carolina was completed, and our Zachary, Louisiana plant acquired part way through 2018 made a full year's contribution to the group's results.

Group turnover for the year ended 31 March 2020 increased by 6% to £183.7 million, with stronger sales volumes in the USA more than offsetting the effects of a softer UK market, and benefitting from the favourable translation effect of sterling's depreciation against the U.S. dollar.

Operating profit was £0.5m below last year's at £17.0 million, with the additional margin from the sales growth being offset by a £1.5m higher depreciation charge. Profit before tax however, increased by 17% to £20.1 million, reflecting a £2.2 million increase in the share of profits from our associate investment and a reversal of the decrease in the market value of liquid investments seen in the previous year. The effective tax rate reduced from 30% to 17%, in part as a result of a more tax efficient structure at our German associate. The overall depreciation in sterling resulted in a net £3.6m translation gain shown in Other Comprehensive Income and further increased the relative value of our overseas net assets upon consolidation.

Capital expenditure returned to more normal levels versus last year, reducing to £7.3 million. The company made a Deficit Reduction Contribution of £0.94 million to the defined benefit pension scheme, being the final instalment in relation to the agreed deficit reduction plan. Working capital levels increased mainly due to the effect of foreign exchange translation.

# **B.E. Wedge Holdings Limited**

## **Group Strategic Report (continued) For the Year Ended 31 March 2020**

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### **Business review (continued)**

The cash generated from operating activities more than offset the cash re-invested and net financing outflows, giving rise to a net inflow of £14.4 million and increasing the closing net cash position from £11.4 million to £25.8 million as at 31 March 2020. Net cash is taken as being the total of current asset investments and cash at bank and in hand, after deductions for bank loans and finance lease liabilities. Overall the directors are pleased with the results for the year.

In respect of the future outlook, the Covid-19 pandemic has impacted the start to the new financial year to varying degrees on a country by country basis, with a number of customers either closing temporarily or operating at reduced volumes. The subsequent impact on our volumes has been initially significant in the UK but less so in the USA and Europe, improving as time passes and lockdown restrictions show signs of easing. In the UK, the company has utilised the government's Coronavirus Job Retention Scheme and has deferred making VAT payments that were due between 20th March and 30th June 2020 until later on in the financial year. These measures coupled with other management actions taken to reduce costs have helped to mitigate the financial effects of the pandemic. Despite the shorter term challenges posed by the pandemic, the directors maintain a positive view for the business over the longer term.

### **Principal risks and uncertainties**

As in any trading organisation, the directors acknowledge that as well as rewards, there are risks and uncertainties which are constantly monitored. The group is dependent upon the efficiency of its employees in satisfying its customers' needs. It recognises the importance of developing its employees. The group's borrowings are at variable rates of interest and where secured they are held against assets in the country of borrowing. Utilisation of these borrowing facilities is monitored on a regular basis although these are comparatively minor and are substantially covered by liquid funds. The group is also exposed to commodity price fluctuations, particularly zinc, and takes measures to mitigate against the potential cost impact to itself and its customers. It is also exposed to foreign exchange gains and losses due to the translation of the results of overseas subsidiaries and associates although it does not take out forward foreign exchange contracts in this respect. The group's exposure to customer credit risk is mitigated by performing detailed credit reviews for new and existing customers and utilising credit insurance and credit guarantee facilities as appropriate.

The directors undertake a Strategic Review on a periodic basis and ensure that goals, objectives and KPIs are consistent with the group's strategy.

### **Key performance indicators**

The directors and senior employees regularly review the outcomes of a broad range of Key Performance Indicators (KPIs) covering both financial and non financial measures to monitor performance compared to budget and previous periods and to assess progress towards meeting strategic objectives. These processes are well known to all shareholders, being either retired or present employees.

# **B.E. Wedge Holdings Limited**

## **Group Strategic Report (continued) For the Year Ended 31 March 2020**

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### **Statement by the directors in performance of their statutory duties in accordance with s172(1) of the Companies Act 2006**

The board considers that it is suitably composed with an appropriate range of pertinent skills and experience. The directors believe, both individually and together, that they have acted in good faith in a way most likely to promote the success of B. E. Wedge Holdings Limited for the benefit of its members as a whole (having regard to the shareholders and matters set out in s172(1)(a-f) of the Act) in the decisions taken during the year ended 31 March 2020.

The directors believe that key stakeholders of the Group include employees, shareholders, customers, suppliers and the local community, and the business plan that the directors have adopted includes the following key matters that are relevant to complying with S172(1) of the Companies Act 2006:

#### ***Long term decisions***

Being privately owned, the Group has the benefit of being able to take a longer term view when considering key decisions. Our plan is to deliver value and increased long term prosperity for all of our stakeholders. We expect to fulfil this through the successful execution of our strategic plan incorporating growth both organically and by acquisitions within our principal activity.

#### ***Employees***

Our employees are fundamental to the delivery of the plan. Employees are surveyed periodically to gauge levels of employee engagement and the feedback received assists in targeting specific areas for further improvement.

We aim to be a responsible employer in our approach to the pay and benefits that our employees receive. The health, safety and well-being of our employees is one of the primary considerations in the way that the company does business. Annual health and safety audits are conducted at each plant and monthly statistics are reported as part of our KPIs. During the year, we have embarked on raising the awareness of mental health and trained a large number of Mental Health First Aiders.

See Employee involvement and Employment of disabled persons sections of the Directors report for further details regarding how the directors engage with employees and have regard to their interests.

#### ***Fostering good relations with customers, suppliers and others, and maintaining a reputation for a high standard of business conduct***

Our intention as a board of directors is to act with integrity, behave responsibly and ensure the management operate the business in a manner consistent with these principles.

Fostering positive long term relationships with its customers and suppliers has been one of the keys to our success and the Group recognises the need to continue to develop and maintain such relationships. Delivering a high level of service to customers is a key attribute of the Wedge Group and central to how business is conducted.

We actively engage with regional and national business organisations, and play a positive role in developing future environmental legislation through our involvement with galvanizing industry associations on a national and international basis.

The Group's directors, and employees at all levels in the business, are in regular ongoing communication with their counterparts from suppliers and customers.

# B.E. Wedge Holdings Limited

## Group Strategic Report (continued) For the Year Ended 31 March 2020

**Statement by the directors in performance of their statutory duties in accordance with s172(1) of the Companies Act 2006 (continued)**

### ***The need to act fairly as between members of the Group***

The Group's board of directors hold approaching 80% of the shares and are engaged in the running, oversight and key decisions of the business.

### ***Impact of the company's operations on the community and the environment***

As a responsible business, the Group recognises that its operations have potential direct and indirect impacts on the environment. Consequently the Group encourages efficiency across its network of plants in order to limit any exposure to the environment. The Group works with the local authority enforcement agencies, responding in a timely manner to any environmental concerns raised within our local communities and ensures compliance with relevant legislation.

We seek to purchase and supply goods and services in a way that is not harmful to the environment. The Group promotes the reduction in energy consumption, minimising waste disposed to landfill by reducing, reusing and recycling, and reducing CO2 emissions. In addition to regularly scrutinising energy consumption as part of our monthly reporting and budgetary review processes, this year sees the adoption of the recently introduced Streamlined Energy and Carbon Reporting (SECR) framework legislation in the UK as detailed below. We promote the adoption of new energy efficient technology as part of our ongoing process plant and equipment and vehicle replacement programme. There are plans for the continued rollout of digital firing furnaces which can save in excess of 10% of the typical site gas usage. Currently four of the baths across the group operate on this new control method, with a further three plants scheduled to be upgraded to this digital firing technology during the new financial year. All remaining plants will be upgraded as and when they require panel and furnace changes.

Total UK energy use (kWh)	105,762,977
Total UK emissions (tonnes of CO2e)	21,440
Intensity ratio - (tCO2e per £k sales)	0.247

The intensity ratio is expressed in terms of the total emissions of carbon dioxide equivalent in tonnes, per £1000 of turnover. The reported data has been affected by two disruptive events during the year. This is the first year that these figures have been compiled and so there are no previous year comparatives presented.

The Group is committed to the development and career progression of our employees, as evidenced by our apprenticeship scheme in the UK and our support for ongoing training, education and development. We recognise that local people and knowledge are important to the success of our network of plants and consequently our workforce is generally derived from within the local area. We work with local schools in providing work placements and in supporting charities and sporting activities which are connected to our local communities.

This report was approved by the board on 7 July 2020 and signed on its behalf.

  
**J F Woolridge (Chairman)**  
Director

# **B.E. Wedge Holdings Limited**

## **Directors' Report For the Year Ended 31 March 2020**

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The directors present their report and the financial statements for the year ended 31 March 2020.

### **Results and dividends**

The profit for the year, after taxation, amounted to £16,684,000 (2019 - £12,107,000).

A final dividend for the year ended 31 March 2019 of 5.5% (2018 - 5.0%) was paid in August 2019. An interim dividend for the year ended 31 March 2020 of 5.5% (2019 - 5.0%) was paid in December 2019.

### **Directors**

The directors who served during the year were:

J F Woolridge (Chairman)  
D I Pepper  
C J Leighfield  
D A Naylor  
A H Newman  
A H Curtis  
C J Woolridge  
J D Parsons  
R H Marris  
A L Haworth  
S A Milnes

### **Financial instruments**

*Details of the use of financial instruments by the company and its subsidiary undertakings are contained in note 25 of the financial statements.*

### **Engagement with employees**

We believe in promoting the full involvement and understanding of all our employees in the success of the business. This is a fundamental part of achieving pride and satisfaction in our work. The group is highly decentralised. This means that each plant in the group is given as much freedom as possible to respond to trading conditions in the market in which it operates and to generate profits. Decentralisation also means that *employees can closely identify with their own plant's contribution to group profits. The arrangements for involving the employees of the group vary from informal communication to briefing sessions or meetings depending on the size and organisation of the operating unit. In addition, the group operates bonus schemes which are related to the performance of each plant and the group and are aimed at increasing employee awareness of performance and, at the same time, creating a greater sense of involvement.*

### **Employment of disabled persons**

The group give sympathetic consideration to applications from disabled persons for vacancies when particular job requirements are considered to be within their capabilities. The group also endeavours to provide equal opportunity in the training, promotion and career development of disabled persons.

### **Qualifying third party indemnity provisions**

The company has arranged qualifying third party indemnity for all of its directors.



# **B.E. Wedge Holdings Limited**

## **Directors' Report (continued) For the Year Ended 31 March 2020**

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### **Matters covered in the strategic report**

Information on future developments, financial risk management objectives and policies as well as information on exposure to principal risks and uncertainties is covered in the Strategic report.

### **Disclosure of information to auditor**

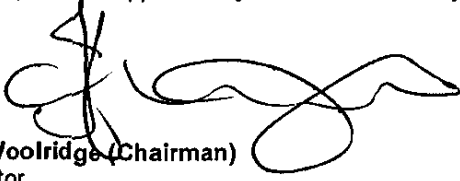
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

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

### **Auditor**

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

This report was approved by the board on 7 July 2020 and signed on its behalf.

  
**J F Woolridge (Chairman)**  
Director

## **B.E. Wedge Holdings Limited**

### **Directors' Responsibilities Statement For the Year Ended 31 March 2020**

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The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and 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 for the Group's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

# **B.E. Wedge Holdings Limited**

## **Independent Auditor's Report to the Members of B.E. Wedge Holdings Limited**

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### **Opinion**

We have audited the financial statements of B.E. Wedge Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2020 which comprise the consolidated profit and loss account, consolidated statement of comprehensive income, consolidated and company balance sheets, consolidated and company statements of changes in equity and the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2020 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

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

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

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

## **B.E. Wedge Holdings Limited**

### **Independent Auditor's Report to the Members of B.E. Wedge Holdings Limited (continued)**

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#### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

#### **Matters on which we are required to report by exception**

*In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.*

*We have nothing to report in respect of the following matters 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 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 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.*

*In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.*

#### **Auditor's responsibilities for the audit of the financial statements**

*Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.*

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

## B.E. Wedge Holdings Limited

### Independent Auditor's Report to the Members of B.E. Wedge Holdings Limited (continued)

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#### Use of our report

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

*RSM UK Audit LLP*

**Benjamin Lawrance** (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
St Philips Point  
Temple Row  
Birmingham  
B2 5AF  
United Kingdom

29 July 2020

## B.E. Wedge Holdings Limited

### Consolidated Profit and Loss Account For the Year Ended 31 March 2020

	Note	2020 £000	2019 £000
Turnover	4	183,742	174,106
Cost of sales		(135,389)	(125,395)
<b>Gross profit</b>		<b>48,353</b>	<b>48,711</b>
Distribution costs		(17,176)	(16,939)
Administrative expenses		(13,995)	(14,095)
Goodwill amortisation		(210)	(529)
Other operating income		-	282
<b>Operating profit</b>	5	<b>16,972</b>	<b>17,430</b>
Share of profit of associates		2,570	338
<b>Total operating profit</b>		<b>19,542</b>	<b>17,768</b>
Income from other fixed asset investments		1	3
Change in fair value of investments		786	(400)
Interest receivable and similar income	10	542	479
Interest payable and similar expenses	11	(567)	(382)
Other finance charges		(253)	(277)
<b>Profit before tax</b>		<b>20,051</b>	<b>17,191</b>
Tax on profit	12	(3,367)	(5,084)
<b>Profit for the financial year</b>		<b>16,684</b>	<b>12,107</b>
<b>Profit for the year attributable to:</b>			
Owners of the parent		16,684	12,107
		<b>16,684</b>	<b>12,107</b>

The notes on pages 22 to 57 form part of these financial statements.

# B.E. Wedge Holdings Limited

## Consolidated Statement of Comprehensive Income For the Year Ended 31 March 2020

	Note	2020 £000	2019 £000
Profit for the financial year		16,684	12,107
<b>Other comprehensive income</b>			
Currency translation differences - group		2,892	3,579
Currency translation differences - associate		687	(435)
Actuarial loss on defined benefit pension scheme		(960)	(896)
Movement on deferred tax relating to actuarial loss		182	153
Movement in cash flow hedge		-	3
<b>Other comprehensive income for the year</b>		2,801	2,404
<b>Total comprehensive income for the year</b>		19,485	14,511
<b>Total comprehensive income attributable to:</b>			
Owners of the parent Company		19,485	14,511
		19,485	14,511

The notes on pages 22 to 57 form part of these financial statements.

# B.E. Wedge Holdings Limited

Registered number:00336600

## Consolidated Balance Sheet As at 31 March 2020

	Note	2020 £000	2020 £000	2019 £000	2019 £000
<b>Fixed assets</b>					
Tangible assets	15		76,323		74,618
Investments	16		27,616		25,309
			<u>103,939</u>		<u>99,927</u>
<b>Current assets</b>					
Stocks	17	25,182		25,037	
Debtors: amounts falling due after more than one year	18	1,736		1,465	
Debtors: amounts falling due within one year	18	29,662		29,254	
Current asset investments	19	3,923		4,579	
Cash at bank and in hand	20	37,660		23,686	
		<u>98,163</u>		<u>84,021</u>	
Creditors: amounts falling due within one year	21	(17,434)		(18,984)	
<b>Net current assets</b>			<u>80,729</u>		<u>65,037</u>
<b>Total assets less current liabilities</b>			<u>184,668</u>		<u>164,964</u>
Creditors: amounts falling due after more than one year	22		(11,614)		(13,068)
<b>Provisions for liabilities</b>					
Deferred tax	26	(2,561)		(1,301)	
Other provisions	27	(144)		(155)	
			<u>(2,705)</u>		<u>(1,456)</u>
<b>Net assets excluding pension liability</b>			<u>170,349</u>		<u>150,440</u>
Pension liability	33		(12,286)		(11,147)
<b>Net assets</b>			<u><u>158,063</u></u>		<u><u>139,293</u></u>



**B.E. Wedge Holdings Limited**

Registered number:00336600

**Consolidated Balance Sheet (continued)**  
**As at 31 March 2020**

	Note	2020 £000	2019 £000
<b>Capital and reserves</b>			
Called up share capital	28	9,000	9,000
ESOP share reserve	29, 30	(509)	(734)
Profit and loss account	29	149,572	131,027
<b>Equity attributable to owners of the parent Company</b>		<b>158,063</b>	<b>139,293</b>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 7 July 2020.



**D I Pepper**  
Director



**J D Parsons**  
Director

The notes on pages 22 to 57 form part of these financial statements.

**B.E. Wedge Holdings Limited**

Registered number:00336600

**Company Balance Sheet  
As at 31 March 2020**

	Note	2020 £000	2020 £000	2019 £000	2019 £000
<b>Fixed assets</b>					
Tangible assets	15		27,652		27,225
Investments	16		22,675		22,683
			<u>50,327</u>		<u>49,908</u>
<b>Current assets</b>					
Debtors: amounts falling due after more than one year	18	1,714		1,465	
Debtors: amounts falling due within one year	18	8,829		18	
Cash at bank and in hand	20	474		261	
		<u>11,017</u>		<u>1,744</u>	
Creditors: amounts falling due within one year	21	(4,498)		(5,691)	
<b>Net current assets/(liabilities)</b>			<u>6,519</u>		<u>(3,947)</u>
<b>Total assets less current liabilities</b>			<u>56,846</u>		<u>45,961</u>
<b>Provisions for liabilities</b>					
Other provisions	27	(144)		(149)	
			<u>(144)</u>		<u>(149)</u>
<b>Net assets excluding pension liability</b>			<u>56,702</u>		<u>45,812</u>
Pension liability	33		(12,286)		(11,147)
<b>Net assets</b>			<u><u>44,416</u></u>		<u><u>34,665</u></u>

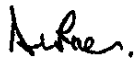
**B.E. Wedge Holdings Limited**  
Registered number:00336600

**Company Balance Sheet (continued)**  
**As at 31 March 2020**

	Note	31 March 2020 £000	31 March 2019 £000
<b>Capital and reserves</b>			
Called up share capital	28	9,000	9,000
ESOP share reserve	29, 30	(509)	(734)
Profit and loss account	29	35,925	26,399
		<u>44,416</u>	<u>34,665</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 7 July 2020.

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Profit and Loss Account in these financial statements.



**D I Pepper**  
Director



**J D Parsons**  
Director

The notes on pages 22 to 57 form part of these financial statements.

## B.E. Wedge Holdings Limited

### Consolidated Statement of Changes in Equity For the Year Ended 31 March 2020

	Called up share capital	ESOP share reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 April 2019	9,000	(734)	131,027	139,293
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	16,684	16,684
Currency translation differences	-	-	3,579	3,579
Actuarial losses on pension scheme	-	-	(778)	(778)
<b>Total comprehensive income for the year</b>	-	-	19,485	19,485
<b>Contributions by and distributions to owners</b>				
Dividends: Equity capital	-	-	(940)	(940)
Sale of ESOP shares	-	225	-	225
<b>Total transactions with owners</b>	-	225	(940)	(715)
<b>At 31 March 2020</b>	<b>9,000</b>	<b>(509)</b>	<b>149,572</b>	<b>158,063</b>

The notes on pages 22 to 57 form part of these financial statements.

## B.E. Wedge Holdings Limited

### Consolidated Statement of Changes in Equity For the Year Ended 31 March 2019

	Called up share capital	ESOP share reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 April 2018	9,000	(786)	117,367	125,581
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	12,107	12,107
Currency translation differences	-	-	3,144	3,144
Actuarial losses on pension scheme	-	-	(743)	(743)
Hedge effective portion of change in fair value of designated hedging instrument	-	-	3	3
<b>Total comprehensive income for the year</b>	-	-	14,511	14,511
<b>Contributions by and distributions to owners</b>				
Dividends: Equity capital	-	-	(851)	(851)
Sale of ESOP shares	-	111	-	111
Purchase of ESOP shares	-	(59)	-	(59)
<b>Total transactions with owners</b>	-	52	(851)	(799)
<b>At 31 March 2019</b>	<b>9,000</b>	<b>(734)</b>	<b>131,027</b>	<b>139,293</b>

The notes on pages 22 to 57 form part of these financial statements.

## B.E. Wedge Holdings Limited

### Company Statement of Changes in Equity For the Year Ended 31 March 2020

	Called up share capital	ESOP share reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 April 2019	9,000	(734)	26,399	34,665
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	11,244	11,244
Actuarial losses on pension scheme	-	-	(778)	(778)
<b>Total comprehensive income for the year</b>	-	-	10,466	10,466
<b>Contributions by and distributions to owners</b>				
Dividends: Equity capital	-	-	(940)	(940)
Sale of ESOP shares	-	225	-	225
<b>Total transactions with owners</b>	-	225	(940)	(715)
<b>At 31 March 2020</b>	<b>9,000</b>	<b>(509)</b>	<b>35,925</b>	<b>44,416</b>

### Company Statement of Changes in Equity For the Year Ended 31 March 2019

	Called up share capital	ESOP share reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 April 2018	9,000	(786)	20,894	29,108
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	7,099	7,099
Actuarial losses on pension scheme	-	-	(743)	(743)
<b>Total comprehensive income for the year</b>	-	-	6,356	6,356
<b>Contributions by and distributions to owners</b>				
Dividends: Equity capital	-	-	(851)	(851)
Sale of ESOP shares	-	111	-	111
Purchase of ESOP shares	-	(59)	-	(59)
<b>Total transactions with owners</b>	-	52	(851)	(799)
<b>At 31 March 2019</b>	<b>9,000</b>	<b>(734)</b>	<b>26,399</b>	<b>34,665</b>

The notes on pages 22 to 57 form part of these financial statements.

# B.E. Wedge Holdings Limited

## Consolidated Statement of Cash Flows For the Year Ended 31 March 2020

	2020 £000	2019 £000
<b>Cash flows from operating activities</b>		
Profit for the financial year	16,684	12,107
<b>Adjustments for:</b>		
Amortisation of intangible assets	210	529
Depreciation of tangible assets	7,290	5,789
(Profit)/loss on disposal of tangible assets	(46)	4
Government grants	(11)	(9)
Net interest (receivable)	25	(97)
Taxation charge	3,367	5,084
(Increase) in stocks	(145)	(1,935)
Decrease/(increase) in debtors	139	(600)
(Decrease)/increase in creditors	(1,785)	504
Cash contributions to pension scheme	(2,095)	(3,536)
Net fair value (gains)/losses recognised in P&L	(786)	400
Share of profit for the year in equity accounted investments	(2,570)	(338)
Corporation tax (paid)	(2,824)	(4,368)
Exchange differences	248	486
Other finance charges	253	277
Profit on sale of joint venture	-	(272)
Current pension service costs	2,021	1,519
<b>Net cash generated from operating activities</b>	<b>19,975</b>	<b>15,544</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(7,329)	(22,929)
Sale of tangible fixed assets	98	343
Purchase of listed investments	(113)	(162)
Sale of listed investments	1,945	584
Sale of share in joint ventures	-	272
Interest received	542	479
Income from other fixed asset investments	636	646
<b>Net cash used in investing activities</b>	<b>(4,221)</b>	<b>(20,767)</b>

## B.E. Wedge Holdings Limited

### Consolidated Statement of Cash Flows (continued) For the Year Ended 31 March 2020

	2020 £000	2019 £000
<b>Cash flows from financing activities</b>		
New secured loans	3,425	7,979
Repayment of loans	(2,318)	(2,021)
Repayment of finance leases	(2,149)	(2,119)
Dividends paid	(940)	(851)
Interest paid	(480)	(277)
Disposal of shares by ESOP	225	52
Hire Purchase interest paid	(87)	(105)
<b>Net cash (used in)/generated from financing activities</b>	<u>(2,324)</u>	<u>2,658</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<u>13,430</u>	<u>(2,565)</u>
Cash and cash equivalents at beginning of year	23,686	25,202
Foreign exchange gains	544	1,049
<b>Cash and cash equivalents at the end of year</b>	<u><u>37,660</u></u>	<u><u>23,686</u></u>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	37,660	23,686
	<u><u>37,660</u></u>	<u><u>23,686</u></u>

The notes on pages 22 to 57 form part of these financial statements.



# **B.E. Wedge Holdings Limited**

## **Notes to the Financial Statements For the Year Ended 31 March 2020**

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### **1. General information**

B.E. Wedge Holdings Limited is a private limited company, incorporated in England & Wales under the Companies Act. The address of the registered office is shown on the company information page. The nature of the group's operations and its principal activities are shown in the group Strategic report.

### **2. Accounting policies**

#### **2.1 Basis of preparation of financial statements**

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

All amounts in the financial statements have been rounded to the nearest thousand.

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

The following principal accounting policies have been applied:

#### **2.2 Basis of consolidation**

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

The results of subsidiary undertakings are included from the date of acquisition and to the date of sale of those undertakings. The accounts of all subsidiary undertakings are made up to 31 March 2020, except for those situated overseas which have prepared accounts to 31 December 2019, due to this being their period of accounting. Where necessary, any material adjustments are made to bring overseas accounting policies into line with applicable UK accounting standards.

The consolidated financial statements incorporate the results of B.E. Wedge Holdings Limited and all of its subsidiary undertakings. The acquisition method of accounting was used to consolidate all subsidiary companies.

#### **2.3 Parent company exemptions**

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No cash flow statement has been presented for the parent company; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

# **B.E. Wedge Holdings Limited**

## **Notes to the Financial Statements For the Year Ended 31 March 2020**

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

#### **2.4 Associates and joint ventures**

An entity is treated as a joint venture where the Group is a party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control.

An entity is treated as an associated undertaking where the Group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

In the consolidated accounts, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the associate. The Consolidated Profit and Loss Account includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the Consolidated Balance Sheet, the interests in associated undertakings are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

#### **2.5 Going concern**

As detailed in the Strategic Report on pages 1 to 4, the Directors have considered the principal risks and uncertainties that apply to the business. The Covid-19 pandemic has impacted the start to the new financial year to varying degrees on a country by country basis and it is currently unknown what the overall operational and financial impact will be to the Group. In the UK, the company has utilised the government's Coronavirus Job Retention Scheme and has deferred making VAT payments until later on in the financial year.

These are challenging times, however we are confident that our business is robust and well placed to trade through this difficult period. The group's strong liquid resources as at March 31st 2020 have been bolstered further since then as the group has generated cash, and is expected to do so for at least 12 months from the date of approval of these financial statements based upon the forecasts that have been approved by the Board. Accordingly, the Directors believe it is appropriate to continue to prepare the financial statements on a going concern basis.

#### **2.6 Turnover**

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Turnover is recognised when all of the following conditions are satisfied:

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

# B.E. Wedge Holdings Limited

## Notes to the Financial Statements For the Year Ended 31 March 2020

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### 2. Accounting policies (continued)

#### 2.7 Goodwill

Goodwill, whether purchased or arising from the excess of the cost of shares over the amounts attributed to the net tangible assets at acquisition, or arising on an acquisition of trade and assets is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. Goodwill is written off over periods mainly between 5 and 15 years which is the directors' estimate of the useful economic life. Goodwill is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

#### 2.8 Tangible fixed assets

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

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

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

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

Depreciation is provided on the following basis:

Buildings	- 2% to 5%
Long-term leasehold property	- 1% to 2%
Short-term leasehold property	- Over the term of the lease
Motor vehicles and lorries	- 20% to 25%
Plant, equipment, fixtures and fittings	- 10% to 50%

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Profit and Loss Account.

# **B.E. Wedge Holdings Limited**

## **Notes to the Financial Statements For the Year Ended 31 March 2020**

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

#### **2.9 Impairment of fixed assets and goodwill**

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

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

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in listed company shares are remeasured to market value at each entities Balance Sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

#### **2.11 Stocks**

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

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

Long term contracts are assessed on a contract by contract basis and are reflected in the Consolidated Income statement by recording turnover and related costs as contract activity progresses. Short term contracts are assessed on a contract by contract basis and profit is recorded on completion. Provision is made for all foreseeable losses.

#### **2.12 Debtors**

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

#### **2.13 Cash and cash equivalents**

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

# B.E. Wedge Holdings Limited

## Notes to the Financial Statements For the Year Ended 31 March 2020

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### 2. Accounting policies (continued)

#### 2.14 Financial instruments

##### *Financial assets*

Financial assets, other than investments and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the consolidated Profit and Loss Account.

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

##### *Financial liabilities and equity*

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, excluding convertible debt and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

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

#### 2.15 Creditors

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

#### 2.16 Government grants

Grants related to expenditure on tangible fixed assets are credited to the Consolidated Profit and Loss Account over a period approximating to the lives of the qualifying assets. The grants shown in the Consolidated Statement of Financial Position as provisions consist of total grants receivable to date less amounts so far credited to profit.

# **B.E. Wedge Holdings Limited**

## **Notes to the Financial Statements For the Year Ended 31 March 2020**

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

#### **2.17 Employee benefit trust**

The cost of the Company's shares held by the employee benefit trust (EBT) is deducted from shareholders' funds in the Company and Group Balance Sheet, within the employee share ownership plan (ESOP) share reserve. Any cash received by the EBT on disposal of the shares it holds is also recognised directly in shareholders' funds. Other assets and liabilities of the EBT (including borrowings) are recognised as assets and liabilities of the Company.

Any shares held by the EBT are treated as cancelled for the purposes of paying a dividend and calculating earnings per share.

#### **2.18 Foreign currency translation**

##### **Functional and presentation currency**

The Company's functional and presentational currency is GBP.

##### **Transactions and balances**

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

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

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Profit and Loss Account within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated Profit and Loss Account within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

#### **2.19 Finance costs**

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

# **B.E. Wedge Holdings Limited**

## **Notes to the Financial Statements For the Year Ended 31 March 2020**

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

#### **2.20 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

#### **2.21 Operating leases**

Rentals paid under operating leases are charged to the Consolidated Profit and Loss Account on a straight line basis over the lease term.

#### **2.22 Hire purchase and finance leases**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Consolidated Profit and Loss Account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

#### **2.23 Pensions**

##### **Defined contribution pension plan**

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated Profit and Loss Account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

# **B.E. Wedge Holdings Limited**

## **Notes to the Financial Statements For the Year Ended 31 March 2020**

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

#### **2.23 Pensions (continued)**

##### **Defined benefit pension plan**

The Group operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Balance Sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the balance sheet date less the fair value of plan assets at the balance sheet date out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Group's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

Where the risks of a defined benefit plan are shared between entities under common control, the net defined benefit cost is recognised in the financial statements of the group entity which is legally responsible for the plan and all other group entities recognise a cost equal to their contribution payable for the period.



# **B.E. Wedge Holdings Limited**

## **Notes to the Financial Statements For the Year Ended 31 March 2020**

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

#### **2.24 Holiday pay accrual**

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

#### **2.25 Interest income**

Interest income is recognised in the Consolidated Profit and Loss Account using the effective interest method.

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

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

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

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

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

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

#### **2.27 Research and development**

Research and development expenditure is charged to the Consolidated Profit and Loss Account account as incurred.

## **B.E. Wedge Holdings Limited**

### **Notes to the Financial Statements For the Year Ended 31 March 2020**

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

In preparing these financial statements, the directors have had to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historic experiences and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities and are not readily apparent from other sources. Actual results may differ from these estimates. The judgements, estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are:

- Bad debts (see note 18)

The Group has recognised provisions for bad debts. This is based on an assessment of ageing and due date of receivables and other risk indicators. The judgement of management is then applied to provide for debts which are no longer considered recoverable.

- Defined benefit pension scheme liability (see note 33)

The financial statements include a net defined benefit pension scheme liability of £12,286,000 (2019 - £11,147,000), comprising assets of £59,386,000 (2019 - £62,944,000) and liabilities of £71,672,000 (2019 - £74,091,000). These liabilities represent the costs expected to be incurred in paying pensions to current and past employees who are members of the scheme.

The valuation of the pension scheme liability is determined by an actuary using the projected unit method discounted at a rate using the current rate of return on high quality corporate bonds of equivalent term and currency to the liability. Assumptions are made about the mortality of the beneficiaries of the pension scheme, and future rates of inflation. The assumptions underlying this calculation are discussed in more detail in note 33.

Significant changes to the assumptions underlying these calculations over the next financial year could result in significant changes to the carrying value of the pension scheme liability.

Other key sources of estimation uncertainty:

- Tangible fixed assets (see note 15)

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

# B.E. Wedge Holdings Limited

## Notes to the Financial Statements For the Year Ended 31 March 2020

### 4. Turnover

The whole of the turnover is attributable to the principal activity of the Group.

Analysis of turnover by country of destination:

	2020 £000	2019 £000
United Kingdom	87,403	89,451
United States of America	96,097	83,565
Rest of the world	242	1,090
	<u>183,742</u>	<u>174,106</u>

### 5. Operating profit

The operating profit is stated after charging:

	2020 £000	2019 £000
Depreciation of tangible fixed assets	7,290	5,789
(Profit)/loss on disposal of tangible fixed assets	(46)	4
Amortisation of intangible assets, including goodwill	210	529
Exchange differences	1	19
Operating lease rentals	687	595
Defined contribution pension cost	1,097	819
Defined benefit pension cost	1,826	1,278

### 6. Auditor's remuneration

	2020 £000	2019 £000
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	<u>32</u>	<u>31</u>

#### Fees payable to the Group's auditor and its associates in respect of:

The audit of the Group's subsidiaries pursuant to legislation	43	41
The audit of the Group's pension schemes	10	10
	<u>53</u>	<u>51</u>

## B.E. Wedge Holdings Limited

### Notes to the Financial Statements For the Year Ended 31 March 2020

#### 7. Employees

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

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Wages and salaries	50,806	48,313	868	864
Social security costs	5,009	4,691	108	108
Other pension costs	3,038	2,928	27	26
	<b>58,853</b>	<b>55,932</b>	<b>1,003</b>	<b>998</b>

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

	Group 2020 No.	Group 2019 No.	Company 2020 No.	Company 2019 No.
Production	965	909	-	-
Selling and distribution	161	147	-	-
Administration	190	180	11	10
	<b>1,316</b>	<b>1,236</b>	<b>11</b>	<b>10</b>

#### 8. Directors' remuneration

	2020 £000	2019 £000
Directors' emoluments	1,377	1,526
Contributions to pension schemes	91	89
	<b>1,468</b>	<b>1,615</b>

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

The highest paid director received remuneration of £261,000 (2019 - £315,000).

The total accrued pension provision of the highest paid director at 31 March 2020 amounted to £35,000 per annum (2019 - £34,000).

# B.E. Wedge Holdings Limited

## Notes to the Financial Statements For the Year Ended 31 March 2020

### 9. Income from investments

	2020 £000	2019 £000
Income from listed fixed asset investments	1	3

### 10. Interest receivable

	2020 £000	2019 £000
Interest from associated undertaking	22	55
Other interest receivable	520	424
	542	479

### 11. Interest payable and similar expenses

	2020 £000	2019 £000
Bank interest payable	453	252
Other loan interest payable	27	25
Finance leases and hire purchase contracts	87	105
	567	382

## B.E. Wedge Holdings Limited

### Notes to the Financial Statements For the Year Ended 31 March 2020

#### 12. Taxation

	2020 £000	2019 £000
<b>Corporation tax</b>		
Current tax on profits for the year	1,194	1,049
Adjustments in respect of previous periods	(170)	(37)
EBT share scheme tax for the year	(6)	-
	<u>1,018</u>	<u>1,012</u>
<b>Foreign tax</b>		
Foreign tax on income for the year	1,148	2,350
Share of associated undertaking's tax charge	96	967
	<u>1,244</u>	<u>3,317</u>
<b>Total current tax</b>	<u>2,262</u>	<u>4,329</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	1,313	391
Adjustments in respect of previous periods	49	68
Pension liability	(257)	296
<b>Total deferred tax</b>	<u>1,105</u>	<u>755</u>
<b>Taxation on profit on ordinary activities</b>	<u>3,367</u>	<u>5,084</u>

# B.E. Wedge Holdings Limited

## Notes to the Financial Statements For the Year Ended 31 March 2020

### 12. Taxation (continued)

#### Factors affecting tax charge for the year

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

	2020 £000	2019 £000
Profit on ordinary activities before tax	20,051	17,191
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	3,810	3,266
<b>Effects of:</b>		
Fixed asset differences	94	64
Expenses not deductible for tax purposes	51	20
Effects of overseas tax rates	(294)	1,757
Adjustments to tax charge in respect of prior periods	(121)	31
Changes in tax rates	(167)	(38)
Income not taxable	-	(53)
Tax on EBT share scheme	(6)	-
Chargeable gains	-	37
<b>Total tax charge for the year</b>	<b>3,367</b>	<b>5,084</b>

#### Factors that may affect future tax charges

The main rate of corporation tax in force at the Balance Sheet date was 19%. A resolution to retain the corporation tax rate from 1 April 2020 at 19% was passed on 17 March 2020, and is enacted from this date.

The deferred taxation liability has therefore been calculated at 19%, being the rate substantively enacted at the Balance Sheet date.

## B.E. Wedge Holdings Limited

### Notes to the Financial Statements For the Year Ended 31 March 2020

#### 13. Dividends

	2020 £000	2019 £000
<b>Ordinary</b>		
Prior year final paid 5.5% (2019 - 5.0%) per share paid in August	469	425
Current year interim 5.5% (2019 - 5.0%) per share paid in December	471	426
	<u>940</u>	<u>851</u>

#### 14. Intangible assets

##### Group

	Goodwill £000
<b>Cost</b>	
At 1 April 2019	17,650
At 31 March 2020	<u>17,650</u>
<b>Amortisation</b>	
At 1 April 2019	17,650
At 31 March 2020	<u>17,650</u>
<b>Net book value</b>	
At 31 March 2020	<u>-</u>
At 31 March 2019	<u>-</u>



# B.E. Wedge Holdings Limited

## Notes to the Financial Statements For the Year Ended 31 March 2020

### 15. Tangible fixed assets

#### Group

	Land and buildings £000	Plant and machinery £000	Total £000
<b>Cost</b>			
At 1 April 2019	59,528	66,484	126,012
Additions	2,642	4,687	7,329
Disposals	(36)	(2,048)	(2,084)
Exchange adjustments	1,302	1,057	2,359
At 31 March 2020	<u>63,436</u>	<u>70,180</u>	<u>133,616</u>
<b>Depreciation</b>			
At 1 April 2019	9,561	41,833	51,394
Charge for the year on owned assets	1,275	4,155	5,430
Charge for the year on financed assets	-	1,860	1,860
Disposals	(16)	(2,016)	(2,032)
Exchange adjustments	124	517	641
At 31 March 2020	<u>10,944</u>	<u>46,349</u>	<u>57,293</u>
<b>Net book value</b>			
At 31 March 2020	<u>52,492</u>	<u>23,831</u>	<u>76,323</u>
At 31 March 2019	<u>49,967</u>	<u>24,651</u>	<u>74,618</u>

## B.E. Wedge Holdings Limited

### Notes to the Financial Statements For the Year Ended 31 March 2020

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#### 15. Tangible fixed assets (continued)

The net book value of land and buildings may be further analysed as follows:

	2020 £000	2019 £000
Freehold	48,923	46,249
Long leasehold	3,569	3,662
Short leasehold property	-	56
	<u>52,492</u>	<u>49,967</u>

Included in freehold land and buildings is freehold land of £13,742,000 (2019 - £12,378,000).

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2020 £000	2019 £000
Plant and machinery	<u>4,498</u>	<u>6,360</u>

# B.E. Wedge Holdings Limited

## Notes to the Financial Statements For the Year Ended 31 March 2020

### 15. Tangible fixed assets (continued)

#### Company

	Land and buildings £000
<b>Cost</b>	
At 1 April 2019	32,613
Additions	960
At 31 March 2020	<u>33,573</u>
<b>Depreciation</b>	
At 1 April 2019	5,388
Charge for the year on owned assets	533
At 31 March 2020	<u>5,921</u>
<b>Net book value</b>	
At 31 March 2020	<u>27,652</u>
At 31 March 2019	<u>27,225</u>

The net book value of land and buildings may be further analysed as follows:

	2020 £000	2019 £000
Freehold	24,083	23,563
Long leasehold	3,569	3,662
	<u>27,652</u>	<u>27,225</u>

Included in freehold is freehold land of £6,747,000 (2019 - £6,191,000).

## B.E. Wedge Holdings Limited

### Notes to the Financial Statements For the Year Ended 31 March 2020

#### 16. Fixed asset investments

##### Group

	Investments in associates £000	Associate goodwill £000	Listed investments £000	Total £000
<b>Cost or valuation</b>				
At 1 April 2019	24,810	524	38	25,372
Foreign exchange movement	687	-	-	687
Fair value adjustment	-	-	(8)	(8)
Dividends received	(636)	-	-	(636)
Amortisation charge	-	(210)	-	(210)
Share of profit	2,474	-	-	2,474
At 31 March 2020	<u>27,335</u>	<u>314</u>	<u>30</u>	<u>27,679</u>
<b>Impairment</b>				
At 1 April 2019	63	-	-	63
At 31 March 2020	<u>63</u>	<u>-</u>	<u>-</u>	<u>63</u>
<b>Net book value</b>				
At 31 March 2020	<u>27,272</u>	<u>314</u>	<u>30</u>	<u>27,616</u>
At 31 March 2019	<u>24,747</u>	<u>524</u>	<u>38</u>	<u>25,309</u>

# B.E. Wedge Holdings Limited

## Notes to the Financial Statements For the Year Ended 31 March 2020

### 16. Fixed asset investments (continued)

#### Company

	Investments in subsidiary companies and associates £000	Listed investments £000	Total £000
<b>Cost or valuation</b>			
At 1 April 2019	31,687	38	31,725
Fair value adjustment	-	(8)	(8)
At 31 March 2020	31,687	30	31,717
<b>Impairment</b>			
At 1 April 2019	9,042	-	9,042
At 31 March 2020	9,042	-	9,042
<b>Net book value</b>			
At 31 March 2020	22,645	30	22,675
At 31 March 2019	22,645	38	22,683

## B.E. Wedge Holdings Limited

### Notes to the Financial Statements For the Year Ended 31 March 2020

#### 16. Fixed asset investments (continued)

##### Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Wedge Group Galvanizing Limited	Galvanizers	Ordinary	100%
Hasco Thermic Limited	Galvanizing equipment and furnace engineers	Ordinary	100%
B E Wedge Limited	Dormant	Ordinary	100%
South East Galvanizers Limited	Dormant	Ordinary	100%
Wessex Galvanizers Limited	Dormant	Ordinary	100%
Acrow Galvanizing Limited	Dormant	Ordinary	100%
East Anglian Galvanizing Limited	Dormant	Ordinary	100%
Humber Galvanizing Limited	Dormant	Ordinary	100%
Leicester Galvanizing Services Limited	Dormant	Ordinary	100%
Manchester Galvanizing Limited	Dormant	Ordinary	100%
Merseyside Galvanizing Limited	Dormant	Ordinary	100%
Metaltreat Limited	Dormant	Ordinary	100%
Newport Galvanizers Limited	Dormant	Ordinary	100%
Scottish Galvanizers Limited	Dormant	Ordinary	100%
Workshop Galvanizing Limited	Dormant	Ordinary	100%
Edward Howell Galvanizers Limited	Dormant	Ordinary	100%
South West Galvanizers Limited	Dormant	Ordinary	100%
Pillar Wedge Group Limited	Dormant	Ordinary	100%
Pillar Spin Galvanizing Limited	Dormant	Ordinary	100%
Pillar Wedge Limited	Dormant	Ordinary	100%
Parkes Galvanizing Limited	Dormant	Ordinary	100%
Pillar Galvanizing Limited	Dormant	Ordinary	100%
Capital Galvanizing Limited	Dormant	Ordinary	100%
Lanarkshire Galvanizing Co. Limited	Dormant	Ordinary	100%
CHT Galvanizing Limited	Dormant	Ordinary	100%
Centrifuge Galvanizing Limited	Dormant	Ordinary	100%
Wedge Inc.	Intermediate holding company	Ordinary	100%

The registered office of the above subsidiaries was Stafford Street, Willenhall, West Midlands, WV13 1RZ with the exception of:

Wedge Inc.'s registered office is 1907 S 17th St Suite 2 Wilmington, North Carolina, 28401, US

Hasco Thermic Limited's registered office is 134 Birchfield Lane, Oldbury, Warley, West Midlands, B69 2AY.

The Group agrees to guarantee the liabilities of Hasco-Thermic Limited thereby allowing the Company to take exemption from an audit under Section 479A of the Companies Act 2006.

## B.E. Wedge Holdings Limited

### Notes to the Financial Statements For the Year Ended 31 March 2020

#### 16. Fixed asset investments (continued)

##### Indirect Subsidiary undertakings

Name	Class of shares	Holding	Principal activity
South Atlantic LLC	Ordinary	100%	Galvanizers
Cherokee Management LLC	Ordinary	100%	Property
Chickasaw Management LLC	Ordinary	100%	Property
Choctaw Management LLC	Ordinary	100%	Property
Creek Management LLC	Ordinary	100%	Property
Parapet LLC	Ordinary	100%	Property
Tuscaroras LLC	Ordinary	100%	Property
Powhatan LLC	Ordinary	100%	Property
Waxhaw Management LLC	Ordinary	100%	Property
Natchez Management LLC	Ordinary	100%	Property
Hasco-Tech Limited	Ordinary	100%	Research and development company

The registered offices of the above subsidiaries is 1907 S 17th St Suite 2 Wilmington, North Carolina, 28401, US, with the exception of:

Hasco-Tech Limited's registered office is 134 Birchfield Lane, Oldbury, Warley, West Midlands, B69 2AY.

The Group agrees to guarantee the liabilities of Hasco-Tech Limited, thereby allowing this Company to take exemption from an audit under Section 479A of the Companies Act 2006.

##### Joint ventures

Name	Country of incorporation	Class of shares	Holding	Principal activity
Shahani Wedge	India	Ordinary	50%	Dormant

##### Associates

Name	Registered office	Class of shares	Holding	Principal activity
The Coatinc Company Holding GmbH	Steinstraße 5, 57072 Siegen, Germany	Ordinary	49%	Galvanizers
Magnesium Castings Limited	Unit 77 Barracks Road, Sandy Lane Industrial Estate, Stourport on Severn, DY13 9QG	Ordinary	37%	Dormant

## B.E. Wedge Holdings Limited

### Notes to the Financial Statements For the Year Ended 31 March 2020

#### 17. Stocks

	Group 2020 £000	Group 2019 £000
Raw materials and consumables	21,736	21,331
Work in progress (goods to be sold)	65	100
Finished goods and goods for resale	3,381	3,606
	<u>25,182</u>	<u>25,037</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Stock recognised in cost of sales during the year as an expense was £62,935,000 (2019 - £60,824,000).

An impairment loss of £Nil (2019 - £1,000) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

#### 18. Debtors

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
<b>Due after more than one year</b>				
Deferred tax asset	1,736	1,465	1,714	1,465
	<u>1,736</u>	<u>1,465</u>	<u>1,714</u>	<u>1,465</u>
<b>Due within one year</b>				
Trade debtors	26,601	27,153	-	-
Amounts owed by group undertakings	-	-	8,809	-
Other debtors	15	428	-	-
Prepayments and accrued income	1,992	1,166	20	18
Tax recoverable	1,054	507	-	-
	<u>29,662</u>	<u>29,254</u>	<u>8,829</u>	<u>18</u>

The impairment loss recognised in the group profit for the period in respect of bad and doubtful trade debtors was £201,000 (2019 - £113,000).



# B.E. Wedge Holdings Limited

## Notes to the Financial Statements For the Year Ended 31 March 2020

### 19. Current asset investments

	Group 2020 £000	Group 2019 £000
Listed investments	3,923	4,579
	<u>3,923</u>	<u>4,579</u>
	Group 2020 £000	Group 2019 £000
Opening fair value	4,579	4,715
Purchases	113	162
Sales	(1,945)	(365)
Gain/(loss) on remeasurement to fair value	794	(405)
Foreign exchange movement	382	472
<b>Market value</b>	<u><b>3,923</b></u>	<u><b>4,579</b></u>

### 20. Cash and cash equivalents

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Cash at bank and in hand	37,660	23,686	474	261
	<u>37,660</u>	<u>23,686</u>	<u>474</u>	<u>261</u>

## B.E. Wedge Holdings Limited

### Notes to the Financial Statements For the Year Ended 31 March 2020

#### 21. Creditors: Amounts falling due within one year

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Bank loans (partly secured - note 23)	2,442	1,658	-	-
Obligations under finance lease and hire purchase contracts (secured)	1,777	2,149	-	-
Payments received on account	321	69	-	-
Trade creditors	7,408	8,997	-	-
Amounts owed to group undertakings	-	-	4,316	5,449
Corporation tax	-	177	-	-
Other taxation and social security	1,831	1,933	-	-
Other creditors	649	306	-	-
Accruals and deferred income	3,006	3,695	182	242
	<u>17,434</u>	<u>18,984</u>	<u>4,498</u>	<u>5,691</u>

Finance lease and hire purchase creditors are secured upon the assets to which they relate.

#### 22. Creditors: Amounts falling due after more than one year

	Group 2020 £000	Group 2019 £000
Bank loans (note 23)	9,879	9,556
Net obligations under finance leases and hire purchase contracts	1,735	3,512
	<u>11,614</u>	<u>13,068</u>

# B.E. Wedge Holdings Limited

## Notes to the Financial Statements For the Year Ended 31 March 2020

### 23. Loans

	Group 2020 £000	Group 2019 £000
Amounts falling due within one year	2,442	1,658
Amounts falling due 1-2 years	1,729	2,086
Amounts falling due 2-5 years	7,995	4,464
Amounts falling due more than 5 years	155	3,006
	<b>12,321</b>	<b>11,214</b>

#### Bank loans - Group

Included in creditors is a bank loan which was obtained from the Group's bankers in the United States of America totalling £3,131,000. The period of the loan is 4 years, with an interest rate of 2.55% and is repayable by monthly instalments ending 30 November 2020. The loan outstanding at 31 March 2020 totalling £700,000 (2019 - £1,376,000) is secured by the equipment financed.

Included in creditors is a bank loan which was obtained from the Group's bankers in the United States of America totalling £2,302,000. The period of the loan is 5 years, with an interest rate of 4.71%, and is repayable with a balloon payment due on 31 October 2023. The loan outstanding at 31 March 2020 totalling £2,340,000 (2019 - £2,297,000) is secured by a mortgage over the property of a subsidiary.

Included in creditors is a bank loan which was obtained from the Group's bankers in the United States of America totalling £3,873,000. The period of the loan is 5 years, with an interest rate of LIBOR +1.3% and is repayable with a balloon payment due on 31 October 2023. The loan outstanding at 31 March 2020 totalling £3,678,000 (2019 - £3,812,000) is secured by all deposit accounts held by the bank and investment property.

Included in creditors is a bank loan which was obtained from the Group's bankers in the United States of America totalling £4,033,000. The period of the loan is 5 years, with an interest rate of 3.91%, and is repayable by monthly instalments ending 30 September 2023. The loan outstanding at 31 March 2020 totalling £3,837,000 (2019 - £1,123,000) is secured by the equipment financed.

Included in creditors is a bank loan which was obtained from the Group's bankers in the United States of America totalling £515,000. The period of the loan is 7 years, with an interest rate of 3.28%, and is repayable by monthly instalments ending 31 December 2026. The loan outstanding at 31 March 2020 totalling £515,000 (2019 - £Nil) is secured by the equipment financed.

The group obtained bank loans of £2,504,000 from the group's bankers in the United Kingdom. The loans outstanding at 31 March 2020, included in creditors, totalling £1,261,000 (2019 - £1,788,000) are unsecured. These loans are due to be repaid within five years.

## B.E. Wedge Holdings Limited

### Notes to the Financial Statements For the Year Ended 31 March 2020

#### 24. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2020 £000	Group 2019 £000
Within one year	1,777	2,149
Between 1-2 years	1,735	1,777
Between 2-5 years	-	1,735
	<u>3,512</u>	<u>5,661</u>

#### 25. Financial instruments

	Group 2020 £000	Group 2019 £000
<b>Financial assets</b>		
Financial assets measured at fair value through profit or loss	<u>3,923</u>	<u>4,579</u>

Financial assets measured at fair value through the profit and loss account comprise current asset investments in a portfolio of listed shares.

# B.E. Wedge Holdings Limited

## Notes to the Financial Statements For the Year Ended 31 March 2020

### 26. Deferred taxation

#### Group

	2020 £000
At beginning of year	164
Charged to profit or loss	(1,105)
Credited to other comprehensive income	182
Foreign exchange translation	(66)
<b>At end of year</b>	<b>(825)</b>

#### Company

	2020 £000
At beginning of year	1,465
Charged to profit or loss	67
Credited to other comprehensive income	182
<b>At end of year</b>	<b>1,714</b>

The deferred tax balance is made up as follows:

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Accelerated capital allowances	(3,198)	(1,748)	(620)	(430)
Short term timing differences	39	17	-	-
Pension deficit	2,334	1,895	2,334	1,895
	<b>(825)</b>	164	<b>1,714</b>	1,465
<b>Comprising:</b>				
Asset - due after one year	1,736	1,465	1,714	1,465
Liability	(2,561)	(1,301)	-	-
	<b>(825)</b>	164	<b>1,714</b>	1,465

# B.E. Wedge Holdings Limited

## Notes to the Financial Statements For the Year Ended 31 March 2020

### 27. Provisions

#### Group

	Deferred income: grants not yet credited to profit £000
At 1 April 2019	155
Credited to profit or loss	(11)
<b>At 31 March 2020</b>	<b>144</b>

#### Company

	Deferred income: grants not yet credited to profit £000
At 1 April 2019	149
Credited to profit or loss	(5)
<b>At 31 March 2020</b>	<b>144</b>

### 28. Share capital

	2020 £000	2019 £000
<b>Allotted, called up and fully paid</b>		
9,000,000 Ordinary shares of £1 each	<b>9,000</b>	<b>9,000</b>

## B.E. Wedge Holdings Limited

### Notes to the Financial Statements For the Year Ended 31 March 2020

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#### 29. Reserves

A description of the Group and Company's reserves are as follows:

##### Share capital

The nominal value of allotted and fully paid up ordinary share capital.

##### ESOP share reserve

ESOP share reserve represents the cost of the shares of the Company held by the Employee Share Ownership Plan (ESOP) trust for the purpose of long term incentive schemes for employees.

##### Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

#### 30. ESOP shares

The Employee Benefit Trust (EBT) was established in December 2011 to facilitate the acquisition of shares to be held upon the terms of the trust pending sale to beneficiaries of the trust.

At the year end the total number of shares held was 392,131 (2019 - 473,697).

During the period the trustees sold 81,566 shares for an average consideration of £2.75 per share. No shares were purchased during the period.

#### 31. Contingent liabilities

The Company, under a group registration, is jointly and severally liable for Value Added Tax due by other group companies. At 31 March 2020, this contingent liability amounted to £1,570,000 (2019 - £1,272,000).

#### 32. Capital commitments

At 31 March 2020 the Group and Company had capital commitments as follows:

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Contracted for but not provided in these financial statements	295	707	6	282

At the year end authorised but not contracted for commitments of £157,000 (2019 - £497,000) existed in the Group.

At the year end authorised but not contracted for commitments of £69,000 (2019 - £495,000) existed in the Company.

## **B.E. Wedge Holdings Limited**

### **Notes to the Financial Statements For the Year Ended 31 March 2020**

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#### **33. Pension commitments**

##### **Defined contribution pension schemes**

Defined contribution pension schemes are operated on behalf of the employees of the subsidiary undertakings. The assets are held separately from those of the group in independently administered funds.

The pension charge represents contributions payable by the group to the fund and amounted to £1,097,000 (2019 - £819,000). Contributions totalling £43,000 (2019 - £30,000) were payable to the funds at year end and are included in creditors.

##### **Defined Benefit Pension Scheme**

During the year the Company operated a combined group pension scheme for the Group's UK companies. The scheme provides defined benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Group, mainly being invested in the managed units of certain fund managers. Contributions to the scheme are made so as to spread the cost of pensions over employees' expected working lives within the Group. The contributions are determined by a qualified actuary on the basis of triennial valuations using the Projected Unit Method. The most recent valuation was at 5 April 2017.

The actuarial valuation of the combined group pension scheme as at 5 April 2017 showed the market value of the scheme's assets totalling £55,140,000. The actuarial value of those assets represented 95% of the value of the benefits that had accrued to current and former members.

As a result of the actuarial valuation as at 5 April 2017, the employer rate is 13.1% and the average employee rate is 9.8% for the forthcoming year. In addition the Group paid £940,000 (2019 - £3,040,000) in the current year, but with no commitment for the coming year (2019 - £940,000).

The actuarial valuation of 5 April 2017 has been updated to 31 March 2020 by a qualified independent actuary.



# B.E. Wedge Holdings Limited

## Notes to the Financial Statements For the Year Ended 31 March 2020

### 33. Pension commitments (continued)

Reconciliation of present value of plan liabilities:

	2020 £000	2019 £000
<b>Reconciliation of present value of plan liabilities</b>		
At the beginning of the year	(74,091)	(69,288)
Current service cost	(1,826)	(1,278)
Interest cost	(1,833)	(1,851)
Actuarial gains/(losses)	4,681	(2,940)
Contributions	-	(605)
Benefits paid	1,592	2,112
Past service cost	(195)	(241)
<b>At the end of the year</b>	<b>(71,672)</b>	<b>(74,091)</b>

Composition of plan liabilities:

	2020 £000	2019 £000
Schemes wholly or partly funded	(71,672)	(74,091)

Reconciliation of present value of plan assets:

	2020 £000	2019 £000
At the beginning of the year	62,944	57,297
Expected rate of return on plan assets	1,580	1,574
Contributions by participants	-	605
Actuarial (losses)/gains	(5,641)	2,044
Contributions	2,095	3,536
Benefits paid	(1,592)	(2,112)
<b>At the end of the year</b>	<b>59,386</b>	<b>62,944</b>

## B.E. Wedge Holdings Limited

### Notes to the Financial Statements For the Year Ended 31 March 2020

#### 33. Pension commitments (continued)

Composition of plan assets:

	2020 £000	2019 £000
Equities	42,291	42,707
Bonds	6,426	8,812
Gilts	4,668	4,406
Property	1,260	725
Cash	4,741	6,294
<b>Total plan assets</b>	<b>59,386</b>	<b>62,944</b>

Included in the fair value of plan assets is property occupied by the group of £1,260,000 (2019 - £725,000).

	2020 £000	2019 £000
Fair value of plan assets	59,386	62,944
Present value of plan liabilities	(71,672)	(74,091)
<b>Net pension scheme liability</b>	<b>(12,286)</b>	<b>(11,147)</b>

The amounts recognised in profit or loss are as follows:

	2020 £000	2019 £000
Current service cost	1,826	1,278
Past service cost	195	241
Interest on obligation	1,833	1,851
Gains on curtailments and settlements	(1,580)	(1,574)
<b>Total</b>	<b>2,274</b>	<b>1,796</b>
Actual return on scheme assets	4,061	3,618

# B.E. Wedge Holdings Limited

## Notes to the Financial Statements For the Year Ended 31 March 2020

### 33. Pension commitments (continued)

Analysis of amount recognised in other comprehensive income:

	2020 £000	2019 £000
Actuarial return less interest income included in net interest income	(5,641)	2,044
Experience gains and losses arising on the scheme liabilities	4,681	(2,940)
	<u>(960)</u>	<u>(896)</u>

The cumulative amount of actuarial gains and losses recognised in the Consolidated Statement of Comprehensive Income was an overall gain of £24,017,000 (2019 - gain £24,977,000).

The Group expects to contribute a minimum of £1,100,000 to its Defined Benefit Pension Scheme in the year ended 31 March 2021.

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	2020 %	2019 %
Discount rate	2.4	2.5
Future salary increases	2.0	2.4
Future pension increases	2.3	2.6
Inflation assumption (RPI)	2.8	3.4
Inflation assumption (CPI)	2.0	2.4
Mortality rates		
- for a male aged 65 now	21.8	21.7
- at 65 for a male aged 45 now	23.1	23.0
- for a female aged 65 now	23.9	23.7
- at 65 for a female member aged 45 now	<u>25.4</u>	<u>25.2</u>

## B.E. Wedge Holdings Limited

### Notes to the Financial Statements For the Year Ended 31 March 2020

#### 34. Commitments under operating leases

At 31 March 2020 the Group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2020 £000	Group 2019 £000
Not later than 1 year	694	262
Later than 1 year and not later than 5 years	917	993
Later than 5 years	3,010	3,054
	<u>4,621</u>	<u>4,309</u>

#### 35. Consolidated analysis of net cash

	At 1 April 2019 £000	Cash flows £000	Other non- cash changes £000	At 31 March 2020 £000
Cash at bank and in hand	23,686	13,430	544	37,660
Debt due after 1 year	(9,556)	(3,425)	3,102	(9,879)
Debt due within 1 year	(1,658)	2,318	(3,102)	(2,442)
Finance leases	(5,661)	2,149	-	(3,512)
<b>Net Cash before Liquid Investments</b>	<u>6,811</u>	<u>14,472</u>	<u>544</u>	<u>21,827</u>
Liquid investments	4,579	(1,832)	1,176	3,923
	<u>11,390</u>	<u>12,640</u>	<u>1,720</u>	<u>25,750</u>

#### 36. Related party transactions

The company rents some land from the Group pension scheme. Total rent paid during the year was £42,000 (2019 - £42,000).

Key management personnel include all directors and a number of senior managers across the group who together have authority and responsibility for planning, directing and controlling the activities of the group. The total compensation paid to key management personnel for services provided to the group was £1,854,000 (2019 - £2,017,000).