

LGH Holdings Limited

Annual Report and Financial Statements

Year Ended

30 April 2019

Company Number 05436932



LGH Holdings Limited

Company Information

Directors	W B Parkinson I W Parkinson
Registered number	05436932
Registered office	Gryphon Works Wimsey Way Alfreton Trading Estate Alfreton Derbyshire DE55 4LS
Independent auditor	BDO LLP Regent House Clinton Avenue Nottingham NG5 1AZ
Bankers	National Westminster Bank PLC 1 Spinningfields Square Manchester M3 3AP

LGH Holdings Limited

Contents

	Page
Group strategic report	1 - 3
Directors' report	4 - 3
Directors' responsibilities statement	5
Independent auditor's report	6 - 8
Consolidated statement of comprehensive income	9
Consolidated balance sheet	10
Company balance sheet	11
Consolidated statement of changes in equity	12
Company statement of changes in equity	13
Consolidated Statement of cash flows	14
Notes to the financial statements	15 - 35

LGH Holdings Limited

Group strategic report For the Year Ended 30 April 2019

Introduction

The directors present their group strategic report for the year ended 30 April 2018.

Who we are

LGH Holdings Limited is a holding company for its trading subsidiary Rotrex Group Limited ("Rotrex"). Founded in 1971, Rotrex Group Limited ("Rotrex") is a UK based business providing winch hire, sales, service and support worldwide and high level cradle and fall protection services throughout the UK. Under the Rotrex brand we have two specialist divisions in the UK, Rotrex Winches and Rotrex OnSite, and the recently formed Rotrex BV which services the winch market in The Netherlands. All of the Rotrex brands provide industry leading products, services and support. Our business is underpinned by a wealth of knowledge and experience and teams of highly skilled engineers who are focused on delivering the highest levels of service to our customers.

Our Vision

To lead in the hire and sale of winches and associated equipment worldwide and to be the premier working at height partner in the UK. To be renowned for providing the best products and to lead the industry for knowledge, proficiency and integrity, all while delivering the highest level of safety.

Our Mission

To provide our customers with the optimum solution, delivered on time, every time. To work closely with our customers to understand their needs and secure repeat business by offering unparalleled safety, assurance and customer service.

What Drives Us

We pride ourselves on providing outstanding service and support to our customers. By working in partnership, we are able to deliver the best possible solutions for their projects.

LGH Holdings Limited

Group strategic report (continued) For the Year Ended 30 April 2019

Business review

As reported in last years' Strategic report in 2016 the activity levels within our traditional markets reduced significantly due to continued price uncertainty within the oil and gas market. This led to a significant restructure of the Group's operations focusing on developing the business away from the offshore business. The restructure was completed in the 2017/18 accounting year. Losses incurred during the restructure were funded from built up reserves and the sale of the assets previously used in the offshore business. This sale resulted in an exceptional profit on sale of £1,098,000 which is included in the financial statements for the previous year.

The restructure was successful and in the current year the business has traded profitably before the exceptional charge in relation to GMP equalisation for our defined benefit scheme.

The results in the year show a turnover of £6,676,000 (2018 - £6,804,000) at a margin of 41% (2018 – 40%%). Without the exceptional asset disposal in the previous year the margin in the previous year would have been significantly lower demonstrating pleasing improvement in the year. The net loss for the year was £266,000 (2018 – loss £27,000).

The management are currently undertaking an internal improvement programme and amongst other things, this brings a degree of cost improvements and an ongoing asset cleanse.

The contributions paid to the LGH Group plc Pension Scheme in the year were £285,000 (2018 - £276,000). As a result of an agreement reached after the 2013 actuarial valuation, the contributions will continue to increase by 3.4% for the next year. Uncertainty remains over the FRS102 valuation of the pension scheme in 2020.

Key performance indicators

The key performance indicators of the business are turnover, gross and operating margin along with the quantum of pension contribution which are described in the business review above.

Principal risks and uncertainties

The principal risks and uncertainties for the Group are the activity levels in the Group's main markets and the level of future contributions to be made to the pension scheme. The risks from significantly reduced activity levels in the Group's main markets is mitigated by the independence of these markets. Their activity is monitored monthly.

Levels of contribution to the pension scheme are set every three years by agreement between the Group and the trustees following completion of an actuarial valuation. The contributions are reviewed by the Pensions Regulator. Annual updated valuations are provided by the actuary to monitor the scheme's funding.

The Group employs standard credit control processes to assess and control the risk of bad debts, using a prudent approach to setting provisions.

Insurance policies are maintained to cover major risks for injury, damage and loss.

LGH Holdings Limited

Group strategic report (continued)
For the Year Ended 30 April 2019

Financial instruments

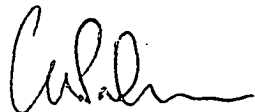
The Group's operations expose it to a variety of financial risks that include interest rate risk and credit risk. The Group cannot avoid interest rate risk as all of the group's bank borrowings are at variable rates of interest, although most of the hire purchase and finance lease borrowing is at fixed rates. The Group does not use financial instruments to manage interest rate costs.

The Group has firm policies that credit checks are made on customers before sales are made and credit limits are applied subsequently. The amount of exposure to all customers is kept under constant review.

The Group has no exposure to equity securities price risk and a very limited exposure to commodity price risk and currency risk.

The Group maintains a mixture of short and medium term debt finance so that sufficient funds are available for operations and ongoing capital expenditure.

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



I W Parkinson
Director

Date: 30 JANUARY 2020

LGH Holdings Limited

Directors' report For the Year Ended 30 April 2019

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

Results and dividends

The loss for the year, after taxation, amounted to £266,000 (2018 - loss £27,000).

During the year the Company paid no dividends (2018 - no dividends).

Directors

The directors who served during the year were:

W B Parkinson
I W Parkinson

Qualifying third party indemnity provisions

Third party indemnity insurance was in force during the financial period for the benefit of certain directors of the Company.

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.

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



I W Parkinson
Director

Date: 30 JANUARY 2020

LGH Holdings Limited

Directors' responsibilities statement For the Year Ended 30 April 2019

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). 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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.

LGH Holdings Limited

Independent auditor's report to the members of LGH Holdings Limited

Opinion

We have audited the financial statements of LGH Holdings Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 30 April 2019 which comprise the consolidated statement of comprehensive income, the consolidated and company balance sheets, the consolidated and company statements of changes in equity and the consolidated statement of cash flows, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 April 2019 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the 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 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.
-

LGH Holdings Limited

Independent auditor's report to the members of LGH Holdings Limited (continued)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and 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.
-

LGH Holdings Limited

Independent auditor's report to the members of LGH Holdings Limited (continued)

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement, 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.

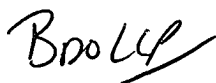
Auditor's responsibilities for the audit of the financial statements

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: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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



Gareth Singleton (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Nottingham
United Kingdom

31 JANUARY 2020

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

LGH Holdings Limited

Consolidated statement of comprehensive income For the Year Ended 30 April 2019

	Note	2019 £000	2018 £000
Turnover	3	6,676	6,804
Cost of sales		(3,941)	(4,053)
Gross profit		2,735	2,751
Administrative expenses		(2,495)	(2,638)
Exceptional administrative expenses	11	(444)	-
Operating (loss)/profit	4	(204)	113
Interest receivable and similar income	7	-	3
Interest payable and expenses	8	(14)	(12)
Other finance costs		(103)	(108)
Loss before taxation		(321)	(4)
Tax on loss	10	55	(23)
Loss for the financial year		(266)	(27)
Actuarial gains on defined benefit pension scheme		(1,270)	270
Movement of deferred tax relating to pension deficit		216	(46)
Currency translation differences		23	(9)
Other comprehensive income for the year		(1,031)	215
Total comprehensive income for the year		(1,297)	188

The notes on pages 15 to 35 form part of these financial statements.

LGH Holdings Limited

Registered number:05436932

Consolidated balance sheet

As at 30 April 2019

	Note	2019 £000	As restated 2018 £000
Fixed assets			
Tangible assets	12	1,778	1,506
Current assets			
Stocks	14	744	295
Debtors	15	3,527	3,087
Cash and cash equivalent	16	63	66
		<u>4,334</u>	<u>3,448</u>
Creditors: amounts falling due within one year	17	(2,182)	(1,206)
Net current assets		<u>2,152</u>	<u>2,242</u>
Total assets less current liabilities		<u><u>3,930</u></u>	<u><u>3,748</u></u>
Creditors: amounts falling due after more than one year	18	58	141
Pension liability	21	5,237	3,644
Provisions for liabilities			
Other provisions		41	72
Capital and reserves			
Called up share capital	24	100	100
Foreign exchange reserve	25	17	(6)
Other reserves	25	140	140
Merger reserve	25	1,000	1,000
Profit and loss account	25	(2,663)	(1,343)
		<u>(1,406)</u>	<u>(109)</u>
		<u><u>3,930</u></u>	<u><u>3,748</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



I W Parkinson
Director

Date: 30 JANUARY 2020

The notes on pages 15 to 35 form part of these financial statements.

LGH Holdings Limited

Registered number:05436932

Company balance sheet As at 30 April 2019

	Note	2019 £000	2018 £000
Fixed assets			
Investments	13	100	100
Total assets less current liabilities		100	100
Net assets		<u>100</u>	<u>100</u>
Capital and reserves			
Called up share capital	24	100	100
		<u>100</u>	<u>100</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



I W Parkinson
Director

Date: 30 JANUARY 2020

The notes on pages 15 to 35 form part of these financial statements.

LGH Holdings Limited

Consolidated statement of changes in equity For the Year Ended 30 April 2019

	Called up share capital	Foreign exchange reserve	Other reserves	Merger reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000	£000
At 1 May 2018	100	(6)	140	1,000	(1,343)	(109)
Comprehensive income for the year						
Loss for the year	-	-	-	-	(266)	(266)
Actuarial losses on pension scheme	-	-	-	-	(1,054)	(1,054)
Currency translation differences	-	23	-	-	-	23
Total comprehensive income for the year	-	23	-	-	(1,320)	(1,297)
At 30 April 2019	100	17	140	1,000	(2,663)	(1,406)

Consolidated statement of changes in equity For the Year Ended 30 April 2018

	Called up share capital	Foreign exchange reserve	Other reserves	Merger reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000	£000
At 1 May 2017	100	3	140	1,000	(1,540)	(297)
Comprehensive income for the year						
Loss for the year	-	-	-	-	(27)	(27)
Actuarial gains on pension scheme	-	-	-	-	224	224
Currency translation differences	-	(9)	-	-	-	(9)
Total comprehensive income for the year	-	(9)	-	-	197	188
At 30 April 2018	100	(6)	140	1,000	(1,343)	(109)

The notes on pages 15 to 35 form part of these financial statements.

LGH Holdings Limited

Company statement of changes in equity For the Year Ended 30 April 2019

	Called up share capital	Total equity
	£000	£000
At 1 May 2018	100	100
At 30 April 2019	<u>100</u>	<u>100</u>

Company statement of changes in equity For the Year Ended 30 April 2018

	Called up share capital	Total equity
	£000	£000
At 1 May 2017	100	100
At 30 April 2018	<u>100</u>	<u>100</u>

The notes on pages 15 to 35 form part of these financial statements.

LGH Holdings Limited

Consolidated statement of cash flows For the Year Ended 30 April 2019

	2019 £000	2018 £000
Cash flows from operating activities		
Loss for the financial year	(266)	(27)
Adjustments for:		
Depreciation of tangible assets	683	388
Loss on disposal of tangible assets	(48)	(1,132)
Interest paid	12	9
Defined benefit pension scheme charge to profit and loss	608	108
Taxation charge	(55)	23
(Increase)/decrease in stocks	(449)	105
(Increase)/decrease in debtors	(139)	39
Decrease in amounts owed by participating ints	60	52
Increase in creditors	760	154
(Decrease)/increase in provisions	(31)	21
Contribution paid to defined benefit pension scheme	(285)	(268)
Corporation tax received	-	4
Net cash generated from operating activities	850	(524)
Cash flows from investing activities		
Purchase of tangible fixed assets	(973)	(198)
Sale of tangible fixed assets	66	1,397
HP interest paid	-	(9)
Net cash from investing activities	(907)	1,190
Cash flows from financing activities		
Repayment of/new finance leases	(121)	(190)
Net cash used in financing activities	(121)	(190)
Net (decrease)/increase in cash and cash equivalents	(178)	476
Cash and cash equivalents at beginning of year	(118)	(594)
Foreign exchange gains and losses	23	-
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	63	66
Bank overdrafts	(336)	(184)

LGH Holdings Limited

Notes to the financial statements For the Year Ended 30 April 2019

1. Accounting policies

1.1 Basis of preparation of financial statements

LGH Holdings Limited is a company incorporated in England & Wales under the Companies Act. The address of the registered office is given on the company information page and the nature of the group's operations and its principal activities are set out in the group strategic report.

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.

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 2).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements.

Parent company disclosure exemptions

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

The following principal accounting policies have been applied:

1.2 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 consolidated financial statements incorporate the results of business combinations using the purchase method. In the balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

1.3 Going concern

The directors have considered the asset base and trading performance along with ongoing defined benefit pension liability when considering the going concern basis of the group. Over the past two years the business has been restructured in light of changes in its market and the significant loss recorded in the previous financial period. The directors are satisfied that the actions have resulted in the business moving into a profitable position and post year end results continue to demonstrate profit and cash generation after related pension costs. Forecasts have been prepared for the next two years which demonstrate continued profitability of the group and therefore the directors have prepared the accounts on a going concern basis.

LGH Holdings Limited

Notes to the financial statements For the Year Ended 30 April 2019

1. Accounting policies (continued)

1.4 Revenue

Revenue, which excludes value added tax and trade discounts, represents the invoiced value of goods and services supplied. Revenue is recognised on despatch of product for sale items and on reaching the minimum hire period for rental equipment.

1.5 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.

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

Depreciation is provided on the following basis:

Freehold property	- 1.5 - 2%
Plant & machinery	- 12 - 24%
Motor vehicles	- 15% - 33%
Computer equipment	- 25%
Hire equipment	- 12 - 24%

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 statement of comprehensive income.

1.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

1.7 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 weighted average 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.

1.8 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.

LGH Holdings Limited

Notes to the financial statements For the Year Ended 30 April 2019

1. Accounting policies (continued)

1.9 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.

In the consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

1.10 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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 statement of comprehensive income.

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.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

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.

1.11 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.

LGH Holdings Limited

Notes to the financial statements For the Year Ended 30 April 2019

1. Accounting policies (continued)

1.12 Foreign currency translation

Functional and presentation currency

The Group'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 statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit and loss account within 'finance income or costs'. All other foreign exchange gains and losses are presented in the profit and loss account within 'administrative expenses'.

1.13 Finance costs

Finance costs are charged to the consolidated statement of comprehensive income 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.

1.14 Leased assets: the Group as lessee

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 statement of comprehensive income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

LGH Holdings Limited

Notes to the financial statements For the Year Ended 30 April 2019

1. Accounting policies (continued)

1.15 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 statement of comprehensive income 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.

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 (if any) 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'.

1.16 Interest income

Interest income is recognised in the consolidated statement of comprehensive income using the effective interest method.

LGH Holdings Limited

Notes to the financial statements For the Year Ended 30 April 2019

1. Accounting policies (continued)

1.17 Borrowing costs

All borrowing costs are recognised in the consolidated statement of comprehensive income in the year in which they are incurred.

1.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the consolidated statement of comprehensive income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

1.19 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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.

1.20 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

LGH Holdings Limited

Notes to the financial statements For the Year Ended 30 April 2019

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

The group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. These estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Useful lives of property, plant and equipment

Depreciation is provided so as to write down the assets to their residual values over their estimated useful lives. Useful lives are regularly reviewed and should management's assessment of useful lives shorten then depreciation charges in the financial statements would increase and carrying amounts of property, plant and equipment would reduce accordingly. The carrying amount of property, plant and equipment by each class is included in note 12.

Stock provision

The stock provision is calculated using the directors assessment of the net realisable value of stock. When this is assessed as being below the cost value a provision is recognised. The directors take into account the age and condition of the stock along with current market prices in calculating the stock provision. The value of the stock balances net of any provision is disclosed in note 14.

Defined benefit pension assumptions

The costs, assets and liabilities of the defined benefit schemes operated by the group are determined using methods relying on actuarial estimates and assumptions. Details of the key assumptions are detailed in note 21. The group takes advice from independent actuaries relating to the appropriateness of the assumptions. Changes in the assumptions used may have a significant effect on the consolidated statement of comprehensive income and the statement of financial position.

3. Turnover

Analysis of turnover by country of destination:

	2019 £000	2018 £000
United Kingdom	6,000	5,172
Rest of Europe	676	380
Rest of the world	-	1,252
	<u>6,676</u>	<u>6,804</u>

During the prior year, the group made a one off sale of assets totalling £1,163,000. This generated a profit on disposal of £1,098,000. Sale proceeds were recognised in turnover as are all hire asset sales.

Further segmental analysis has been omitted, as the directors believe it to be too commercially sensitive for publication.

LGH Holdings Limited

Notes to the financial statements For the Year Ended 30 April 2019

4. Operating (loss)/profit

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

	2019 £000	2018 £000
Depreciation of tangible fixed assets	683	388
Fees payable to the Group's auditor and its associates for the audit of the Company's annual financial statements	18	17
Operating lease rentals	212	152
	<u> </u>	<u> </u>

5. Employees

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

	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
Wages and salaries	2,032	2,154	-	-
Social security costs	209	217	-	-
Cost of defined benefit scheme (including exceptional costs of £444,000 (2018 - £Nil) in respect of GMP equalisation)	456	32	-	-
Cost of defined contribution scheme	62	48	-	-
	<u>2,759</u>	<u>2,451</u>	<u>-</u>	<u>-</u>

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

	Group 2019 No.	Group 2018 No.	Company 2019 No.	Company 2018 No.
Selling and administration	32	27	1	1
Production	37	37	-	-
	<u>69</u>	<u>64</u>	<u>1</u>	<u>1</u>

6. Directors' remuneration

During the year retirement benefits were accruing to 1 directors (2018 - 1) in respect of defined contribution pension schemes.

LGH Holdings Limited

Notes to the financial statements For the Year Ended 30 April 2019

7. Interest receivable

	2019 £000	2018 £000
Other interest receivable	-	3

8. Interest payable and similar expenses

	2019 £000	2018 £000
Other loan interest payable	2	-
Finance leases and hire purchase contracts	12	12

9. Other finance costs

	2019 £000	2018 £000
Net interest on net defined benefit liability	103	108

10. Taxation

	2019 £000	2018 £000
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	(55)	23
Total deferred tax	(55)	23
Taxation on (loss)/profit on ordinary activities	(55)	23

LGH Holdings Limited

Notes to the financial statements For the Year Ended 30 April 2019

10. Taxation (continued)

Factors affecting tax charge for the year

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

	2019 £000	2018 £000
Profit on ordinary activities before tax	(321)	(4)
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	(61)	(1)
Effects of:		
Expenses not deductible for tax purposes	6	10
Pension adjustments	(61)	(26)
Unrelieved tax losses carried forward	55	-
Other differences leading to an increase (decrease) in the tax charge	6	40
Total tax charge for the year	(55)	23

Factors that may affect future tax charges

The standard rate of Corporation Tax in the UK reduced from 20% to 19% with effect from 1 April 2017, and will fall further to 17% with effect from 1 April 2020. Accordingly, the Company's profits for this accounting period are taxed at an effective rate of 19%. Deferred tax has been calculated at 17%.

11. Exceptional items

	2019 £000	2018 £000
Exceptional defined benefit scheme past service cost arising from GMP equalisation	444	-

LGH Holdings Limited

Notes to the financial statements For the Year Ended 30 April 2019

12. Tangible fixed assets

Group

	Freehold property £000	Plant & machinery £000	Other fixed assets £000	Total £000
Cost or valuation				
At 1 May 2018	522	5,966	2,027	8,515
Additions	-	970	3	973
Disposals	-	(597)	-	(597)
At 30 April 2019	522	6,339	2,030	8,891
Depreciation				
At 1 May 2018	130	5,101	1,778	7,009
Charge for the year on owned assets	5	599	79	683
Disposals	-	(579)	-	(579)
At 30 April 2019	135	5,121	1,857	7,113
Net book value				
At 30 April 2019	387	1,218	173	1,778
At 30 April 2018	392	865	249	1,506

Included in freehold property is freehold land of £230,000 (2018 - £230,000) which is not depreciated.

LGH Holdings Limited

Notes to the financial statements For the Year Ended 30 April 2019

12. Tangible fixed assets (continued)

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

	2019 £000	2018 £000
Plant and machinery	178	301
Other fixed assets	43	95
	<u>221</u>	<u>396</u>

13. Fixed asset investments

Company

	Investments in subsidiary companies £000
Cost or valuation	
At 1 May 2018	100
At 30 April 2019	<u>100</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Rotrex Group Limited	Gryphon Works, Wimsey Way, Alfreton Trading Estate, Alfreton, Derbyshire, DE55 4LS	Ordinary	100%
Rotrex BV	Mandenmakerstraat 17b, 2984AS Ridderkerk, Netherlands	Ordinary	100%

LGH Holdings Limited

Notes to the financial statements For the Year Ended 30 April 2019

14. Stocks

	Group 2019 £000	Group 2018 £000
Goods for resale	295	66
Work in progress	285	48
Spares for resale or component maintenance	164	181
	<u>744</u>	<u>295</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 £213,000 (2018 - £740,000).

Included in the amount shown above for stocks of raw materials and consumables are items valued at cost calculated on a first in, first out basis. The replacement cost of these items at 30 April 2019 was not materially different to the amount at which they are included in the accounts.

15. Debtors

	Group 2019 £000	Group 2018 £000
Due after more than one year		
Deferred tax asset	890	619
Due within one year		
Trade debtors	1,575	1,547
Amounts owed by related party undertakings	763	733
Other debtors	262	48
Prepayments and accrued income	37	140
	<u>3,527</u>	<u>3,087</u>

16. Cash and cash equivalents

	Group 2019 £000	Group 2018 £000
Cash at bank and in hand	63	66
Less: proceeds of factored debt	(336)	(184)
	<u>(273)</u>	<u>(118)</u>

LGH Holdings Limited

Notes to the financial statements For the Year Ended 30 April 2019

17. Creditors: Amounts falling due within one year

	Group	Group As restated
	2019	2018
	£000	£000
Proceeds of factored debt	336	184
Trade creditors	978	488
Amounts owed to other participating interests	94	4
Corporation tax	4	4
Other taxation and social security	266	280
Obligations under finance lease and hire purchase contracts	73	99
Accruals and deferred income	431	147
	<u>2,182</u>	<u>1,206</u>

The proceeds of factored debts are secured by fixed and floating charges over the assets of the Rotrex Group Limited.

The prior year reported figures have been restated to correctly state the maturity of obligations under finance leases.

18. Creditors: Amounts falling due after more than one year

	Group	Group As restated
	2019	2018
	£000	£000
Net obligations under finance leases and hire purchase contracts	<u>58</u>	<u>141</u>

Obligations under finance leases and hire purchase contracts are secured on the assets to which they relate.

The prior year reported figures have been restated to correctly state the maturity of obligations under finance leases.

LGH Holdings Limited

Notes to the financial statements For the Year Ended 30 April 2019

19. Financial instruments

	Group 2019 £000	Group 2018 £000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>2,663</u>	<u>2,328</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(1,839)</u>	<u>(1,063)</u>

Financial assets measured at amortised cost comprise trade debtors, amounts owed by related party undertakings, other debtors and cash and cash equivalents.

Financial liabilities measured at amortised cost comprise trade creditors, obligations under finance leases and hire purchase contracts, accruals and proceeds of factored debt.

LGH Holdings Limited

Notes to the financial statements For the Year Ended 30 April 2019

20. Deferred taxation

Group

	2019 £000
At beginning of year	619
Charged to profit or loss	55
Charged to other comprehensive income	216
At end of year	890

The deferred tax asset is made up as follows:

	Group 2019 £000	Group 2018 £000
Accelerated capital allowances	(60)	(85)
Tax losses carried forward	54	69
Pension deficit	890	619
Other short term timing differences	6	16
	890	619

LGH Holdings Limited

Notes to the financial statements For the Year Ended 30 April 2019

21. Pension commitments

Defined contribution scheme

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension charge included within operating profit represents contributions payable by the Group to the fund and amounted to £37,000 (2018 - £36,000). Contributions totalling £18,000 (2018 - £12,000) were payable to the fund at the balance sheet date and are included in creditors.

Defined benefit scheme

The Group operates a defined benefit pension scheme with assets held in a separately administered fund. The scheme provides retirement benefits on the basis of members' pensionable salary. On 6 April 2005, the defined benefit pension scheme was closed to future accrual. Existing members are no longer eligible to make further contributions into the scheme and no further pension liabilities will accrue as a result of any future service. The Group will make additional contributions in order to remove, over a number of years, the funding deficit quantified by the actuary.

Reconciliation of present value of plan liabilities:

	2019 £000	2018 £000
Reconciliation of present value of plan liabilities		
At the beginning of the year	19,077	19,763
Interest cost	534	535
Actuarial losses/(gains)	996	(616)
Benefits paid	(719)	(605)
Past service cost	444	-
At the end of the year	20,332	19,077

The past service costs figure for the period ended 30 April 2019 reflects the incorporation of the adjustment required to the plan liabilities as a result of incorporating the GMP adjustments as a result of the Lloyds Bank case in late 2018. This has been recognised as exceptional within profit and loss.

Composition of plan liabilities:

	2019 £000	2018 £000
Schemes wholly or partly funded	20,332	19,077
Total plan liabilities	20,332	19,077

LGH Holdings Limited

Notes to the financial statements For the Year Ended 30 April 2019

21. Pension commitments (continued)

Reconciliation of present value of plan assets:

	2019	2018
	£000	£000
At the beginning of the year	15,433	15,712
Actuarial gains/(losses)	(274)	(346)
Contributions	285	276
Benefits paid	(719)	(605)
Expenses	(61)	(31)
Expected return on assets	431	427
At the end of the year	15,095	15,433

Composition of plan assets:

	2019	2018
	%	%
Equity	51	44
Bond	11	18
Volatility Management	10	20
Insured Pensioners	15	14
Cash	13	4
Total plan assets	100	100

	2019	2018
	£000	£000
Fair value of plan assets	15,095	15,433
Present value of plan liabilities	(20,332)	(19,077)
Net pension scheme liability	(5,237)	(3,644)

LGH Holdings Limited

Notes to the financial statements For the Year Ended 30 April 2019

21. Pension commitments (continued)

The amounts recognised in profit or loss are as follows:

	2019 £000	2018 £000
Expenses	(61)	(31)
Interest on obligation	(103)	(108)
Past service cost	(444)	-
Total	(608)	(139)

During the year to 30 April 2019 the employer has paid pension contributions of £285,000 (2018 - £276,000). Contributions are expected to increase by 3.2% per annum in accordance with the schedule of contributions.

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2019 %	2018 %
Discount rate	2.60	2.85
Future pension increases	2.15	2.00
Inflation assumption (CPI)	2.00	2.00
Mortality rates		
- for a male aged 65 now	20.2	20.4
- at 65 for a male aged 45 now	21.3	21.5
- for a female aged 65 now	24.4	23.0
- at 65 for a female member aged 45 now	23.2	24.3

LGH Holdings Limited

Notes to the financial statements For the Year Ended 30 April 2019

22. Commitments under operating leases

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

	Group 2019 £000	Group 2018 £000
Not later than 1 year	133,000	119,000
Later than 1 year and not later than 5 years	193,000	54,000
	<u>326,000</u>	<u>173,000</u>

23. Provisions

Group

	Dilapidation provision £000
At 1 May 2018	72
Utilised in year	(31)
At 30 April 2019	<u>41</u>

Dilapidation provision

The dilapidation provision at the year end represents the directors' best estimate of the anticipated costs to repair and maintain the group's leasehold premises in accordance with the terms of the lease. The timing and reversal of the provision is dependant on ongoing negotiations by the directors.

The company has no provisions.

24. Share capital

	2019 £000	2018 £000
Allotted, called up and fully paid		
100,000 (2018 - 100,000) Ordinary shares of £1.00 each	<u>100</u>	<u>100</u>

LGH Holdings Limited

Notes to the financial statements For the Year Ended 30 April 2019

25. Reserves

Foreign exchange reserve

Comprises differences arising from the translation of financial statements of the Group's foreign operations into Sterling.

Other reserves

Other reserves have arisen as a result of previous business combinations in accordance with UK GAAP as applied at that time.

Merger Reserve

Merger reserve have arisen as a result of previous business combination that was accounted for as a merger in accordance with UK GAAP as applied at that time.

Profit & loss account

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

26. Related party transactions

At 30 April 2019 the group was owed £115,000 (2018 - £107,000) from LGH Hysmaterieel BV, £127,000 (2018 - £39,000) from LGH GmbH and £45,000 (2018 - £17,000) from LGH BVBA.. All are related companies under common control. During the year, sales totalling £Nil (2018 - £108,000) were made to LGH BV.

The amount due from LGH Hysmaterieel BV stated above is gross of a provision of £25,000 (2018 - £25,000) made by the group.

At 30 April 2019 the group was owed £457,000 (2018 - £571,000) from Rotrex US, a company under common control. During the year, sales totalling £Nil (2018 - £1,163,000) were made to Rotrex US.

During the year the group incurred accounting and finance support costs of £130,000 (2018 - £100,000) from Sollertia Limited, a company controlled by Mr A Mault, who is a common director. At the year end the group owed Sollertia Limited a net balance of £12,000 (2018 - £9,000).

Key management personnel include all directors of 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 £265,000 (2018 - £261,000).

27. Controlling party

Mr W B Parkinson is the controlling party by virtue of his controlling interest in LGH Holdings Limited.
