

Company Registration No. 11324003 (England and Wales)

WEC GROUP HOLDINGS LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

PM+M Solutions for Business LLP
Chartered Accountants
New Century House
Greenbank Technology Park
Challenge Way
Blackburn
Lancashire
BB1 5QB



WEC GROUP HOLDINGS LTD

COMPANY INFORMATION

Directors	J S Hartley S A Hussey R W Colburn
Company number	11324003
Registered office	Britannia House Junction Street Darwen Lancashire BB3 2RB
Auditor	PM+M Solutions for Business LLP New Century House Greenbank Technology Park Challenge Way Blackburn Lancashire BB1 5QB
Bankers	Lloyds Bank PLC Church St Blackburn BB2 1JQ

WEC GROUP HOLDINGS LTD

CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3 - 4
Independent auditor's report	5 - 8
Group statement of comprehensive income	9
Group balance sheet	10
Company balance sheet	11
Group statement of changes in equity	12
Company statement of changes in equity	13
Group statement of cash flows	14
Notes to the financial statements	15 - 31

WEC GROUP HOLDINGS LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors present their Strategic Report for the period ended 31 December 2020.

Business Review

The businesses within the group continue to operate in a highly competitive market sector but this year have also felt the effects of the Coronavirus pandemic crisis, which has impacted subsidiary business activities to varying degrees and led to a decrease in turnover and operating margins.

Headcount levels have been protected as best as possible during quieter periods of the year with support through the government backed job retention scheme, which has helped offset payroll costs.

The group's underlying businesses are strong and are emerging from the crisis with increased activity and an optimism about opportunities and performance in the future. Future success will continue to be grounded in exceptional levels of customer service, product quality and value for money offerings in the market.

The group has again continued its strategy and established practice of re-investing profits back into the business in order to maintain its position at the forefront of the industry. Employee and workforce quality and capability is considered to be one of the group's key success factors.

Total headcount at year end was 903

The directors consider the group to be well placed for the future.

Principal risks and uncertainties

The principal risks to the business include the following:

1. *Operating in a very competitive marketplace.* The group has consistently demonstrated its ability to mitigate this risk through provision of high-quality products at competitive prices with strong values in customer care and reliable delivery performance.
2. *Changes in technology.* The group mitigates this risk by continued re-investment in the latest available state of the art production equipment, allowing control of operating costs and highest levels of efficiency to maintain its position as market leader.
3. *Brexit.* There is still uncertainty around the ultimate outcome and implications of the UK's recent departure from the EU. At present, the group is not aware of any specific issues giving rise to concern, but will continue to monitor this situation.
4. *Covid 19.* At the date of this report, the UK is starting to emerge more widely from the Coronavirus crisis but there are still many unknowns about the future and any likely further impacts on the business.

Financial and other performance indicators

During the year, various indicators were used to monitor and compare the group's performance. The following are regarded as the key financial indicators of performance, all of which can be observed in the attached financial statements. The group uses other performance indicators in its day to day operations but the directors consider these commercially sensitive and they are therefore not specifically disclosed.

- Turnover £78.4 million (2019: £94.5 million)
- Gross Margin 20.9% (2019: 24.2%)
- Operating Profit £0.01 million (2019: £2.94 million)

2020 turnover and margins were impacted by the Coronavirus crisis. Operating profit was impacted significantly by normal goodwill amortisation, taken in full. Current year EBITDA performance still significantly positive.

WEC GROUP HOLDINGS LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Stakeholder Engagement

The Directors have a responsibility under S172 of the Companies Act 2006 to act in a way that promotes the group's success for the benefit of the members as a whole, and to have regard to the long-term effects of decisions on the group and its stakeholders. The following statement outlines the ways in which these responsibilities are handled:

The group is privately held and provides employment, training and financial reward to the owners and employees, including profit sharing arrangements.

The aim is to maintain the group's market leading position as go-to supplier in a fiercely competitive sector, and to grow market share and profits, thereby returning maximum value to stakeholders.

Strategic decisions are based on medium and long-term objectives. In particular, the policy of continued investment in latest state of the art production technologies ensures high quality and efficiency of output and provides an ongoing competitive edge in the market.

Key stakeholders, and the ways in which we engage with them, are as follows:

Employees

We rely on a skilled and highly motivated workforce and recruitment & retention of staff is critical to the business. We help engagement with our team by:

- setting remuneration at market rates or above and rewarding performance through profit sharing arrangements;
- providing industry leading training, coupled with career development opportunities

Customers and suppliers

We invest heavily in the latest technology throughout our business so that we can continue to offer quality products at short lead times. Our customers value our high degree of expertise, reliability and value for money offerings. We have built a reputation for fair dealings in our interaction with both customers and suppliers alike.

Community

We are a privately held business with traditional roots in the local community and are proud to actively support local causes and charities throughout the year.

Planet

We are keen to reduce our carbon footprint through energy usage initiatives and investment in technology that yields reducing consumption. We dispose of all waste responsibly.

On behalf of the board

J S Hartley
Director



23 July 2021

WEC GROUP HOLDINGS LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their annual report and financial statements for the year ending 31 December 2020.

Principal activities

The principal activity of the group is that of specialist engineering services. The principal activity of the company is to act as a holding company.

The ultimate shareholder has requested that the directors include the following statement in the Directors report - the ultimate parent company is privately held, as is the group, and the shareholders believe that the requirement to publish the accounts of privately held companies is a violation both of the spirit and law under UK right to privacy legislation.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

J S Hartley

S A Hussey

W A Wild

R W Colburn

(Resigned 23 December 2020)

Results and dividends

The results for the year are set out on page 10.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Employee involvement

The group's policy is to advise and inform employees of matters likely to affect their interests.

Information is provided through bulletins, newsletters and reports which seek to achieve a common awareness.

The group has a profit sharing scheme, which is designed to encourage the maximum employee involvement in successful group financial performance

Auditor

The auditor, PM+M Solutions for Business LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Energy and carbon report

During the year the group consumed 17.6m KWH of energy in the form of gas and electricity and had corresponding emissions of 3,754 tonnes of CO₂

Energy consumption is measured through extensive metering systems in all locations and captured in real time. Emissions in tonnes of CO₂ are calculated using industry standard conversion factors applied to the real time consumption data.

Energy efficiency improvement initiatives are important to the group. We have actively invested in the latest production equipment and technologies, which significantly cuts like for like consumption, and are currently looking for opportunities generally in production and non-production environments, including installation of LED lighting in a number of areas.

The group is focussed on energy and cost reduction throughout, and ultimately on cutting emissions by default. A relatively volatile product mix in operations makes meaningful ratio analysis difficult in the current climate but we will consider opportunities to develop statistics going forward which will meaningfully demonstrate our progress in relation to these goals.

WEC GROUP HOLDINGS LTD

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state 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 and company will continue in business.

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

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board

J S Hartley
Director



23 July 2021

WEC GROUP HOLDINGS LTD

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF WEC GROUP HOLDINGS LTD

Opinion

We have audited the financial statements of WEC Group Holdings Ltd (the 'parent company') and its subsidiaries (the 'group') for the period ended 31 December 2020 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group 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 the parent company's affairs as at 31 December 2020 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 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

In auditing the financial statements, we have concluded that the directors use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

WEC GROUP HOLDINGS LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBER OF WEC GROUP HOLDINGS LTD

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our 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 its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

Responsibilities of directors

As explained more fully in the 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 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 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.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

WEC GROUP HOLDINGS LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBER OF WEC GROUP HOLDINGS LTD

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we have considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management about their own identification and assessment of the risks of irregularities;
- the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud; and
- any matters we identified having obtained and reviewed the Company's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: timing of recognition of commercial income; posting of unusual journals and complex transactions; and manipulating the group's performance profit measures and other key performance indicators to meet remuneration targets and externally communicated targets. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included UK Companies Act, employment law, health and safety regulations, pensions legislation and tax legislation.

Audit response to risks identified

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC; and
- in addressing the identified risks of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

WEC GROUP HOLDINGS LTD

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
Turnover	3	78,330,925	94,546,461
Cost of sales		(61,991,387)	(71,648,034)
Gross profit		16,339,538	22,898,427
Distribution costs		(4,565,633)	(5,108,699)
Administrative expenses		(14,801,861)	(14,941,277)
Other operating income		3,033,722	90,955
Operating profit	4	5,766	2,939,406
Interest receivable and similar income	8	194,050	29,116
Interest payable and similar expenses	9	(157,612)	(213,756)
Profit before taxation		42,204	2,754,766
Tax on profit	10	(883,555)	(1,237,984)
(Loss)/profit for the financial year		(841,351)	1,516,782

(Loss)/profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

The profit and loss account has been prepared on the basis that all operations are continuing operations.

WEC GROUP HOLDINGS LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF WEC GROUP HOLDINGS LTD

A further description of our responsibilities is available 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 member, 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 member as a body, for our audit work, for this report, or for the opinions we have formed.



David Gorton FCA CTA (Senior Statutory Auditor)
For and on behalf of PM+M Solutions for Business LLP

11 August 2021

Chartered Accountants
Statutory Auditor

New Century House
Greenbank Technology Park
Challenge Way
Blackburn
Lancashire
BB1 5QB

WEC GROUP HOLDINGS LTD

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2020

	Notes	2020		2019	
		£	£	£	£
Fixed assets					
Goodwill	11	25,820,724		29,555,724	
Tangible assets	12	12,076,768		13,081,797	
		<u>37,897,492</u>		<u>42,637,521</u>	
Current assets					
Stocks	16	6,594,154		6,117,180	
Debtors	17	31,982,767		24,696,261	
Cash at bank and in hand		11,788,220		13,199,623	
		<u>50,365,141</u>		<u>44,013,064</u>	
Creditors: amounts falling due within one year	18	(22,322,212)		(20,218,299)	
Net current assets		<u>28,042,929</u>		<u>23,794,765</u>	
Total assets less current liabilities		<u>65,940,421</u>		<u>66,432,286</u>	
Creditors: amounts falling due after more than one year	19	(4,975,913)		(4,536,433)	
Provisions for liabilities					
Deferred tax liability	21	234,668		324,662	
		<u>(234,668)</u>		<u>(324,662)</u>	
Net assets		<u>60,729,840</u>		<u>61,571,191</u>	
Capital and reserves					
Called up share capital	23	8,564		8,564	
Share premium account		33,759,753		33,759,753	
Other reserves	24	24,745,682		24,745,682	
Profit and loss reserves		2,215,841		3,057,192	
Total equity		<u>60,729,840</u>		<u>61,571,191</u>	

The financial statements were approved by the board of directors and authorised for issue on 23 July 2021 and are signed on its behalf by:

J S Hartley
Director

WEC GROUP HOLDINGS LTD

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2020

	Notes	2020 £	2019 £
Fixed assets			
Investments	13	63,170,984	63,170,984
Current assets			
Debtors	17	2,400,000	189,148
Creditors: amounts falling due within one year	18	(6,222,325)	(2,011,473)
Net current liabilities		<u>(3,822,325)</u>	<u>(1,822,325)</u>
Total assets less current liabilities		<u>59,348,659</u>	<u>61,348,659</u>
Capital and reserves			
Called up share capital	23	8,564	8,564
Share premium account		33,759,753	33,759,753
Other reserves	24	14,403,682	14,403,682
Profit and loss reserves		11,176,660	13,176,660
Total equity		<u>59,348,659</u>	<u>61,348,659</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £2,000,000 (2019 - £2,776,385 profit).

The financial statements were approved by the board of directors and authorised for issue on 23 July 2021 and are signed on its behalf by:

J S Hartley
Director



Company Registration No. 11324003

WEC GROUP HOLDINGS LTD

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital £	Share premium account £	Other reserves £	Profit and loss reserves £	Total £
Balance at 1 January 2019	8,564	33,759,753	24,745,682	1,540,410	60,054,409
Period ended 31 December 2019:					
Profit and total comprehensive income for the period	-	-	-	1,516,782	1,516,782
Balance at 31 December 2019	8,564	33,759,753	24,745,682	3,057,192	61,571,191
Year ended 31 December 2020:					
Loss and total comprehensive income for the year	-	-	-	(841,351)	(841,351)
Balance at 31 December 2020	8,564	33,759,753	24,745,682	2,215,841	60,729,840

WEC GROUP HOLDINGS LTD

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital £	Share premium account £	Other reserves £	Profit and loss reserves £	Total £
Balance at 1 January 2019	8,564	33,759,753	14,403,682	10,400,275	58,572,274
Period ended 31 December 2019:					
Profit and total comprehensive income for the period	-	-	-	2,776,385	2,776,385
Balance at 31 December 2019	8,564	33,759,753	14,403,682	13,176,660	61,348,659
Year ended 31 December 2020:					
Loss and total comprehensive income for the year	-	-	-	(2,000,000)	(2,000,000)
Balance at 31 December 2020	8,564	33,759,753	14,403,682	11,176,660	59,348,659

WEC GROUP HOLDINGS LTD

GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash generated from operations	29	9,934,466		12,864,151	
Interest paid		(157,612)		(213,756)	
Income taxes paid		(1,435,631)		(1,294,337)	
Net cash inflow from operating activities		8,341,223		11,356,058	
Investing activities					
Purchase of tangible fixed assets		(676,050)		(2,189,684)	
Proceeds on disposal of tangible fixed assets		94,955		616,651	
Interest received		194,050		29,116	
Net cash used in investing activities		(387,045)		(1,543,917)	
Financing activities					
Repayment of borrowings		-		(6,000,000)	
Loans to parent company		(8,000,000)		(4,000,000)	
Proceeds from new hire purchase and finance leases		-		3,992,859	
Payment of finance leases obligations		(1,365,581)		(1,411,001)	
Net cash used in financing activities		(9,365,581)		(7,418,142)	
Net (decrease)/increase in cash and cash equivalents		(1,411,403)		2,393,999	
Cash and cash equivalents at beginning of year		13,199,623		10,805,624	
Cash and cash equivalents at end of year		11,788,220		13,199,623	

WEC GROUP HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

Company information

WEC Group Holdings Ltd ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Britannia House, Junction Street, Darwen, Lancashire, BB3 2RB.

The group consists of WEC Group Holdings Ltd and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries are accounted for at cost less impairment.

The consolidated group financial statements consist of the financial statements of the parent company WEC Group Holdings Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates, if any.

All financial statements are made up to 31 December 2020.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

WEC GROUP HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

Revenue from long term contract works is recognised by reference to stage of completion when this, cost incurred and costs to complete can be estimated reliably. Stage of completion is assessed mainly in relation to materials consumed and labour applied to the contract as a proportion of total estimated costs.

1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is usually 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	over the term of the lease
Plant and equipment	10% - 33% straight line
Motor vehicles	20% - 25% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.7 Fixed asset investments

In the parent company financial statements, investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

1.8 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.9 Stocks

Stocks are stated at the lower of either cost or estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

WEC GROUP HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.10 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.11 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Basic financial assets

Basic financial assets, which include debtors, cash and bank balances, are measured at transaction price.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans and loans from fellow group companies, are initially recognised at transaction price.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

WEC GROUP HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Hire purchase and operating leases

A hire purchase arises whenever the terms of the contract transfer substantially all the risks and rewards of ownership to the group.

Assets held under hire purchase are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum hire purchase payments. The related liability is included in the balance sheet as a hire purchase obligation. Payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.16 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

WEC GROUP HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods. The main areas of judgement are in relation to stock and debtor provisions, and the useful economic lives and residual values of the group's fixed assets.

3 Turnover and other revenue

	2020 £	2019 £
Other significant revenue		
Interest income	194,050	29,116
	<u>194,050</u>	<u>29,116</u>
	2020 £	2019 £
Turnover analysed by geographical market		
United Kingdom	77,079,476	92,335,570
Europe	737,510	1,423,364
Rest of World	513,939	787,527
	<u>78,330,925</u>	<u>94,546,461</u>

4 Operating profit

	2020 £	2019 £
Operating profit for the year is stated after charging/(crediting):		
Government grants	(2,950,187)	(7,251)
Depreciation of owned tangible fixed assets	2,262,493	2,023,927
Depreciation of tangible fixed assets held under hire purchase	1,435,303	1,324,803
Profit on disposal of tangible fixed assets	(78,615)	(208,590)
Amortisation of intangible assets	3,735,000	3,735,000
Operating lease charges	1,520,876	1,564,455

Included within government grants is £2,945,237 (2019: £Nil) which was received as part of the government JRS scheme.

WEC GROUP HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

5 Auditor's remuneration

	2020 £	2019 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	15,965	15,500
Audit of the financial statements of the company's subsidiaries	52,302	47,979
	<u>68,267</u>	<u>63,479</u>
For other services		
Taxation compliance services	8,000	6,340
All other non-audit services	-	1,334
	<u>8,000</u>	<u>7,674</u>

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2020 Number	2019 Number	Company 2020 Number	2019 Number
Production	704	710	-	-
Selling and distribution	35	40	-	-
Administration	164	190	4	4
	<u>903</u>	<u>940</u>	<u>4</u>	<u>4</u>

Their aggregate remuneration comprised:

	Group 2020 £	2019 £
Wages and salaries	26,597,002	29,371,461
Social security costs	2,369,080	2,862,788
Pension costs	924,550	927,517
	<u>29,890,632</u>	<u>33,161,766</u>

The only employees of the company are certain directors. No remuneration costs were incurred by the company during the period. The directors were paid for their services by the individual subsidiaries.

WEC GROUP HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

7 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	650,467	1,065,791
Company pension contributions to defined contribution schemes	10,000	20,000
	<u>660,467</u>	<u>1,085,791</u>

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2020 £	2019 £
Remuneration for qualifying services	<u>434,014</u>	<u>556,297</u>

8 Interest and similar income

	2020 £	2019 £
Interest income		
Interest on bank deposits	213	1,530
Interest receivable from group companies	193,837	27,586
	<u>194,050</u>	<u>29,116</u>

WEC GROUP HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

9 Interest and similar expenses

	2020	2019
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest expense to group undertakings	-	99,031
Other finance costs:		
Interest on hire purchase contracts	157,612	114,725
Total finance costs	157,612	213,756

Interest expense to group undertakings represents amounts payable to the group's parent company.

10 Taxation

	2020	2019
	£	£
Current tax		
UK corporation tax on profits for the current period	999,863	1,347,692
Adjustments in respect of prior periods	48,508	(3,197)
Total current tax	1,048,371	1,344,495
Deferred tax		
Origination and reversal of timing differences	(184,644)	(106,511)
Changes in tax rates	19,828	-
Total deferred tax	(164,816)	(106,511)
Total tax charge	883,555	1,237,984

WEC GROUP HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

10 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2020 £	2019 £
Profit before taxation	42,204	2,754,766
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	8,019	523,406
Tax effect of expenses that are not deductible in determining taxable profit	791,881	724,062
Tax effect of income not taxable in determining taxable profit	(15,872)	(15,904)
Change in unrecognised deferred tax assets	6,188	-
Adjustments in respect of prior years	48,508	(3,197)
Effect of change in corporation tax rate	19,828	8,743
Fixed asset differences	17,237	12,543
Depreciation on assets not qualifying for tax allowances	203	-
Other permanent differences	7,562	(11,669)
Adjust opening deferred tax to average rate	1	-
Taxation charge	883,555	1,237,984

11 Intangible fixed assets

Group	Goodwill £
Cost	
At 1 January 2020 and 31 December 2020	35,786,490
Amortisation and impairment	
At 1 January 2020	6,230,766
Amortisation charged for the year	3,735,000
At 31 December 2020	9,965,766
Carrying amount	
At 31 December 2020	25,820,724
At 31 December 2019	29,555,724

The company had no intangible fixed assets at 31 December 2020 or 31 December 2019.

WEC GROUP HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

12 Tangible fixed assets

Group	Leasehold improvements £	Plant and equipment £	Motor vehicles £	Total £
Cost				
At 1 January 2020	427,186	14,962,148	509,038	15,898,372
Additions	4,300	2,543,086	161,721	2,709,107
Disposals	-	(833,012)	(212,254)	(1,045,266)
At 31 December 2020	431,486	16,672,222	458,505	17,562,213
Depreciation and impairment				
At 1 January 2020	79,686	2,571,698	165,191	2,816,575
Depreciation charged in the year	94,315	3,438,349	165,132	3,697,796
Eliminated in respect of disposals	-	(833,007)	(195,919)	(1,028,926)
At 31 December 2020	174,001	5,177,040	134,404	5,485,445
Carrying amount				
At 31 December 2020	257,485	11,495,182	324,101	12,076,768
At 31 December 2019	347,500	12,390,450	343,847	13,081,797

The company had no tangible fixed assets at 31 December 2020 or 31 December 2019.

The net carrying value of tangible fixed assets includes the following in respect of financed assets:

	Group 2020 £	Group 2019 £
Plant and equipment	7,162,177	6,922,603
Motor vehicles	170,920	74,347
	<u>7,333,097</u>	<u>6,996,950</u>
Depreciation charge for the year in respect of financed assets	<u>1,415,138</u>	<u>1,302,374</u>

13 Fixed asset investments

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Investments in subsidiaries	14	-	-	63,170,984	63,170,984

WEC GROUP HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

13 Fixed asset investments

(Continued)

Fixed asset investments not carried at market value

Investments in subsidiaries are measured at cost less impairment.

Movements in fixed asset investments

Company	Shares in group undertakings £
Cost or valuation	
At 1 January 2020 and 31 December 2020	73,512,984
Impairment	
At 1 January 2020 and 31 December 2020	10,342,000
Carrying amount	
At 31 December 2020	63,170,984
At 31 December 2019	63,170,984

14 Subsidiaries

Details of the company's subsidiaries at 31 December 2020, for all of which the company directly held 100% of the Ordinary shares, are as follows:

Name of undertaking	Nature of business
5750 Components Limited	Specialist laser cutting and forming of metals
HTA Group Limited	Precision engineering
MTL Advanced Limited	Specialist laser cutting, fabrication and forming of metals
Sherburn Metalwork Limited	Specialist engineering
WEC Group Limited	Manufacture of camera towers and accessories, fabricating of welding and alloys, specialist laser cutting and forming of metals
WEC Machining Limited	Specialist engineering
Wecjet Limited	High pressure water cutting

Registered office addresses (all UK unless otherwise indicated):

The registered office of all group companies is the same as the parent company as noted in note 1.

Laser Engineering UK Limited, Welding Engineering Limited, M-Tec Architectural Metalwork Limited, Goose Foot Street Furniture Limited and DNA Metalwork Limited are dormant, directly wholly owned subsidiaries.

WEC GROUP HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

15 Financial instruments

	Group 2020 £	2019 £	Company 2020 £	2019 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	<u>31,586,213</u>	<u>23,224,714</u>	<u>2,400,000</u>	<u>189,148</u>
Carrying amount of financial liabilities				
Measured at amortised cost	<u>23,140,895</u>	<u>22,013,334</u>	<u>6,222,325</u>	<u>2,011,473</u>

16 Stock

	Group 2020 £	2019 £	Company 2020 £	2019 £
Raw materials and consumables	3,180,506	2,280,654	-	-
Work in progress	2,992,036	3,339,803	-	-
Finished goods and goods for resale	421,612	496,723	-	-
	<u>6,594,154</u>	<u>6,117,180</u>	<u>-</u>	<u>-</u>

The company had no stock at 31 December 2020 (2019 - £Nil).

17 Debtors

	Group 2020 £	2019 £	Company 2020 £	2019 £
Amounts falling due within one year:				
Trade debtors	18,628,616	19,203,165	-	-
Gross amounts owed by contract customers	464,799	824,155	-	-
Corporation tax recoverable	31,942	20,684	-	-
Amounts owed by group undertakings	12,000,000	4,000,409	2,400,000	189,148
Other debtors	133,442	21,140	-	-
Prepayments and accrued income	556,024	533,586	-	-
	<u>31,814,823</u>	<u>24,603,139</u>	<u>2,400,000</u>	<u>189,148</u>
Deferred tax asset (note 21)	167,944	93,122	-	-
	<u>31,982,767</u>	<u>24,696,261</u>	<u>2,400,000</u>	<u>189,148</u>

The amounts owed by group undertakings have no fixed repayment terms.

WEC GROUP HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

18 Creditors: amounts falling due within one year

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Obligations under hire purchase and finance leases	20	1,555,226	1,327,230	-	-
Payments received on account		359,696	589,636	-	-
Trade creditors		10,734,338	9,775,108	-	-
Amounts owed to group undertakings		-	-	6,222,325	2,011,473
Corporation tax payable		330,690	706,692	-	-
Other taxation and social security		3,826,540	2,034,706	-	-
Other creditors		619,836	663,130	-	-
Accruals and deferred income		4,895,886	5,121,797	-	-
		<u>22,322,212</u>	<u>20,218,299</u>	<u>6,222,325</u>	<u>2,011,473</u>

19 Creditors: amounts falling due after more than one year

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Obligations under hire purchase and finance leases	20	4,975,913	4,536,433	-	-

20 Hire purchase obligations

	Group 2020 £	2019 £	Company 2020 £	2019 £
Future minimum lease payments due under hire purchase:				
Within one year	1,555,226	1,327,230	-	-
In two to five years	4,471,189	3,928,260	-	-
In over five years	504,724	608,173	-	-
	<u>6,531,139</u>	<u>5,863,663</u>	<u>-</u>	<u>-</u>

Obligations under hire purchase contracts are secured upon the assets to which the contracts relate.

WEC GROUP HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

21 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group:

	Liabilities 2020 £	Liabilities 2019 £	Assets 2020 £	Assets 2019 £
Group				
Accelerated capital allowances	260,992	349,413	157,129	78,559
Other timing differences	(26,324)	(24,751)	10,815	14,563
	<u>234,668</u>	<u>324,662</u>	<u>167,944</u>	<u>93,122</u>

The company has no deferred tax assets or liabilities.

	Group 2020 £	Company 2020 £
Movements in the year:		
Liability at 1 January 2020	231,540	-
Credit to profit or loss	(164,816)	-
Liability at 31 December 2020	<u>66,724</u>	<u>-</u>

22 Retirement benefit schemes

	2020 £	2019 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>924,550</u>	<u>927,517</u>

Defined contribution pension schemes are operated for all qualifying employees. The assets of the schemes are held separately from those of the group in independently administered funds.

At the balance sheet date, these contributions outstanding totalled £127,466 (2019 - £126,288).

23 Share capital

	2020 Number	2019 Number	2020 £	2019 £
Ordinary share capital				
Issued and fully paid				
Ordinary shares of £1 each	<u>8,564</u>	<u>8,564</u>	<u>8,564</u>	<u>8,564</u>

WEC GROUP HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

24 Other reserves

The other reserves is a merger reserve arising on issue of shares as part of the transactions associated with the acquisition on 1 May 2018 of Burnhart Holdings Limited. These included the receipt of a substantial dividend in specie from Burnhart Holdings Limited (giving rise to an immediate impairment in value) and the payment of a matching dividend in specie and the cancellation of some classes of share.

25 Operating lease commitments

At the reporting date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2020 £	2019 £
Within one year	1,822,612	1,858,923
Between two and five years	4,915,954	6,373,278
In over five years	43,083	416,583
	<u>6,781,649</u>	<u>8,648,784</u>

The company has no operating lease commitments.

26 Capital commitments

Amounts contracted for but not provided in the financial statements:

	Group 2020 £	2019 £
Acquisition of tangible fixed assets	720,000	1,660,725
	<u>720,000</u>	<u>1,660,725</u>

The company has no capital commitments.

WEC GROUP HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

27 Related party transactions

During the period, the group made sales of goods and services to companies with a common director totalling £153,693 (2019 - £206,477). At the balance sheet date the amount owed to the group totalled £103,222 (2019 - £116,220).

During the period, the group purchased services from a company with a common director totalling £1,703,706 (2019 - £1,648,246). At the balance sheet date the amount owed to this company totalled £202,196 (2019 - £170,575).

During the period, rent of £7,500 (2019 - £7,500) was payable to a spouse of a director in the year. An amount of £nil (2019 - £nil) was due at the year end.

During the period, the group has made sales to connected companies totalling £42,889 (2019 - £23,568). At the balance sheet date the amount owed to the group totalled £25,464 (2019 - £12,289).

During the period, the group has made purchases from connected companies totalling £1,873,245 (2019 - £1,078,296). At the balance sheet date the amount owed by the group totalled £398,886 (2019 - £131,527).

28 Controlling party

Britannia Metals Holdings Ltd, a company registered in the USA, is the controlling party and ultimate parent company.

29 Cash generated from group operations

	2020 £	2019 £
(Loss)/profit for the year after tax	(841,351)	1,516,782
Adjustments for:		
Taxation charged	883,555	1,237,984
Finance costs	157,612	213,756
Investment income	(194,050)	(29,116)
Gain on disposal of tangible fixed assets	(78,615)	(208,590)
Amortisation and impairment of intangible assets	3,735,000	3,735,000
Depreciation and impairment of tangible fixed assets	3,697,796	3,348,730
Movements in working capital:		
(Increase)/decrease in stocks	(476,974)	1,804,779
Decrease in debtors	799,574	2,429,254
Increase/(decrease) in creditors	2,251,919	(1,184,428)
Cash generated from operations	9,934,466	12,864,151

WEC GROUP HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

30 Analysis of changes in net funds - group

	1 January 2020	Cash flows	New hire purchase and finance leases	31 December 2020
	£	£	£	£
Cash at bank and in hand	13,199,623	(1,411,403)	-	11,788,220
Obligations under hire purchase and finance leases	(5,863,663)	1,365,581	(2,033,057)	(6,531,139)
	<u>7,335,960</u>	<u>(45,822)</u>	<u>(2,033,057)</u>	<u>5,257,081</u>