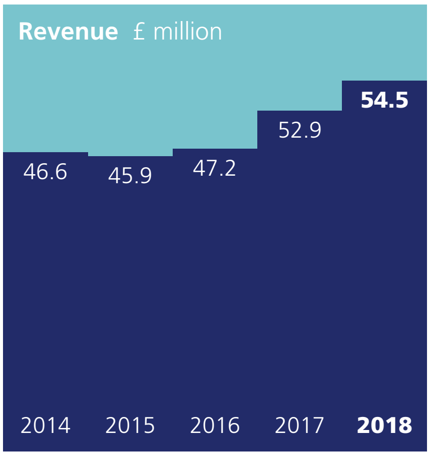
Annual report and accounts 2018

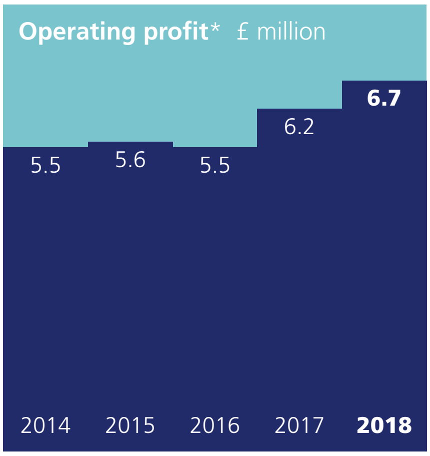
dewhurst

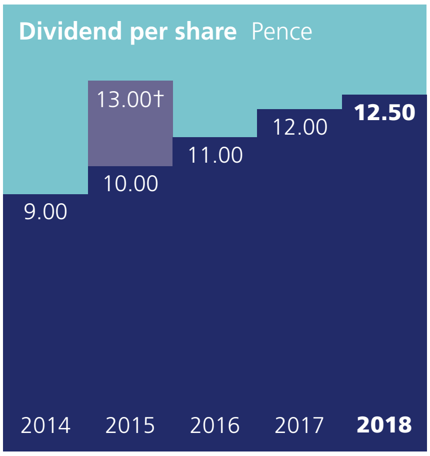
We are a global supplier of quality components to the lift, transport and keypad industries

Financial highlights

A record year for sales and profits supports continued dividend growth







	2018 £'000	2017 £'000
Revenue	**54.5m**	52.9m
Operating profit*	**6.7m**	6.2m
Earnings per share	**47.93p**	52.65p
Dividend per share	**12.50p**	12.00p

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

† Includes special dividend of 3p per share

Chairman's statement

Self-funded growth gives more security in periods of volatility

Richard Dewhurst
Chairman

Results

It gives me great pleasure to be reporting record results for the Group again this year. Group sales for the year to 30 September 2018 increased 3.1% to £54.5 million (2017: £52.9 million), despite adverse currency movements during the period as the pound strengthened against our main operating currencies. Adjusted operating profit (i.e. before amortisation of acquired intangibles) was £6.7 million (2017: £6.2 million) and profit before tax was £6.0 million (2017: £6.0 million).

The lift business in the UK was up significantly, with 9% of organic growth and 35% coming from 4 months' contribution from A&A; in local currencies, North America was down slightly as the growth in Canada was more than offset by the disposal of the Winter and Bain business in California; there was good growth in Australia assisted by a full year contribution from P&R for the first time. Transportation business fell slightly during the year and Keypads dropped back significantly after their strong year in 2017. Overall, currency movements have resulted in a loss on translation on reported sales of £1.5 million and on profit before tax of £0.2 million compared to the rates prevailing last year.

Every year brings a new set of challenges as our markets, competitors and customer expectations change over time. The management and staff in our operating businesses around the world have the responsibility of achieving their own results within an agreed set of values, strategies and budgetary boundaries. These results are a testament to those staff and we thank them for their contribution to this year's success.

With the continuing strength of the Group's performance we are proposing a 0.5 pence increase in the final dividend to 9.0 pence representing a 0.5 pence increase in the total dividend for the year as a whole to 12.5 pence (2017: 12.0 pence).

Operations and people

The Group made its most significant acquisition to date in June this year when it purchased A&A Electrical Distributors Ltd ('A&A'). A&A provide a wide range of components and cable to the UK lift industry and also have a general electrical wholesaling division. The acquisition consumed a considerable amount of management resource during the year, both in the due diligence period leading up to acquisition and in the integration work that has followed acquisition. I would like particularly to thank our Finance Director, Jared Sinclair, for his unstinting work on this project, in addition to the new management team at A&A. Much of that work has now been completed but there will be a further stage in early 2019 when we fully align their systems. The business is performing in line with our expectations under the leadership of John Bailey, who has returned to an executive role with the Group and we welcome him back. I am also delighted to welcome Jeremy Dewhurst to the Group in the role of Finance Director at A&A.

I am pleased to report that the restructured ERM business in California was profitable during the year and is showing much greater stability. There is still plenty to do to achieve the company's potential but congratulations are due to Lorilee Allen, who has been promoted to General Manager, and to her team for the progress achieved.

We also opened a new Australian Lift Components sales office in Melbourne in April this year to improve our customer service in that market. The Melbourne market is currently very busy and this office has proved to be popular with

Dewhurst worldwide

our customers, leading to us winning a number of significant projects.

Company

We have just commenced our hundredth year of operation, which is quite a milestone for the Group. Relevant branding is now displayed on our website. The business was incorporated on November 5th 1919 and we look forward to celebrating our centenary next autumn.

Outlook

It is currently impossible to predict the ultimate relationship between the UK and the EU, so we cannot forecast what the impact on our business is likely to be. Because of this uncertainty, those businesses that import into the UK are increasing their inventory levels and our overseas companies that import from the UK are doing the same. However this can only cover any disruption for a limited period and we will have to do our best to react to events as they unfold. The only clear impact at this point is that we would expect to have higher inventory at the end of the Half Year with an equivalent impact on cash flow.

Although future demand in the UK is uncertain, we will have a full year's contribution from A&A next year. Elsewhere lift product demand continues to be strong in North America and much of Australia, which is encouraging as these are key markets for us. On keypads, demand has bounced back from the low points of last year and trading currently seems a little steadier.

WHERE WE OPERATE

	NORTH AMERICA	UK, EUROPE AND MIDDLE EAST	AUSTRALIA AND ASIA
	Canada Dupar Controls **USA** The Fixture Company Elevator Research Manufacturing Corp.	**United Kingdom** Dewhurst A&A Electrical Distributors Thames Valley Controls Traffic Management Products **Hungary** Dewhurst (Hungary) **UAE** Dewhurst (Middle East)	**Hong Kong** Dewhurst (Hong Kong) **Australia** Australian Lift Components P&R Liftcars Lift Material Australia Dual Engraving
Product areas	Lift	Lift Transport Keypads	Lift Transport
Sales by region	22%	47%	31%
Employees by region	75	231	89

Intelligent systems create the opportunity to share the knowledge of our skilled engineers

David Dewhurst
Group Managing Director

Business review

The Group's principal activity in the year continued to be the manufacture and distribution of electrical components and control equipment for industrial and commercial capital goods. The Group maintained its position as a speciality supplier of equipment to lift, transport and keypad sectors. A business review of the Group's operations is dealt with below in operating highlights and in the Chairman's Statement on page 2.

Key performance indicators

The directors believe that the key financial performance indicators relevant to the Group are earnings per share, adjusted operating profit, reported profit before tax and return on equity which are stated in the five year review on page 11. The key non-financial performance indicators relevant to the Group are quality measures and on-time deliveries to our customers.

Operating highlights

In general our overseas companies performed well. Inevitably there was the odd exception, notably Dewhurst Hungary, who had a particularly difficult year. In the UK there was no obvious pattern: some parts of the lift market were reasonably strong, others were weaker. Meanwhile the transport market was essentially stagnant. However, it was another solid year and certainly our broad geographic spread of businesses has sheltered us from the current vagaries of the UK market.

I would like to join the Chairman in thanking all our employees across the Group for their hard work and contribution to this year's results.

UNITED KINGDOM

Sales in the UK were up overall, as a result of strong growth from Thames Valley Controls and the first time contribution from A&A Electrical Distributors.

Dewhurst UK Limited

Sales declined at Dewhurst UK for the second consecutive year mainly due to overseas markets being less buoyant than had been expected. The UK market was also quite stagnant, with a recurring theme of projects being delayed.

We have been extremely active on the product design side. We launched our first wholly new rail product for many years. The Train Despatch Equipment Unit has been developed in conjunction with Network Rail and brings together all the components required by a train despatcher, into one module. The unit is currently being trialled at Birmingham New Street Station and in due course is expected to be rolled out onto the platforms of many large stations.

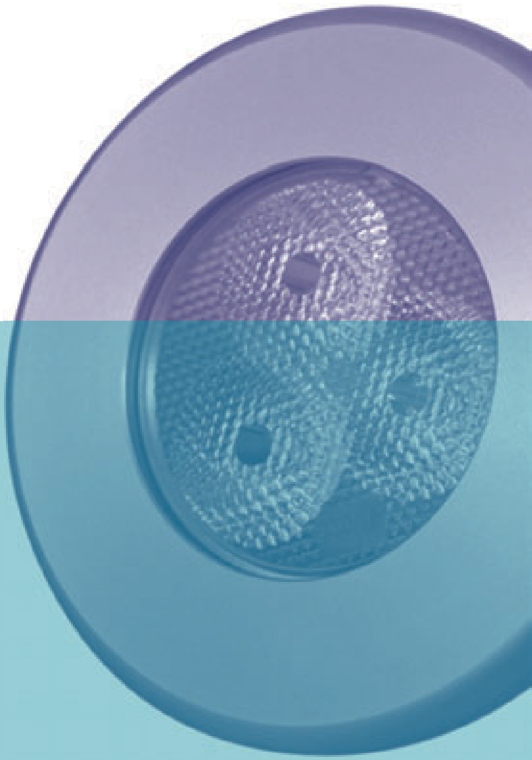
For the lift industry we have extended our Profile Plus Landing Station range to include three new widths. We have also launched two new sizes of our US1 touch car operating panel.

Our Operations Team have received three new Arburg moulding machines into the factory, continuing our investment in the latest plant and machinery. We have also initiated a new program to explore opportunities with Single Minute Exchange of Dies to look to significantly improve our tooling set up times.

Thames Valley Controls (TVC)

After two quite difficult years at TVC, the company has bounced back with strong sales growth and a significant improvement in profits. Demand for both our controller products and our monitoring systems increased.

The new requirements of EN81-20 had created challenges for our manufacturing team but early in the year these issues were resolved and the flow through the



factory improved. We now have four automated test simulation units which have contributed significantly in reducing test times.

The Application Engineering Team have continued their work with a new computer aided engineering system to increase end to end efficiency in the production of controllers. In the summer we launched our first controller onto the shop floor that had been engineered using this system.

Traffic Management Products (TMP)
We were unable to continue the momentum that we had built up in 2017 and this year sales fell mainly as a result of reduced demand for our solar powered products. TMP have launched a large number of new products over the last two years. Whilst some of these products have become well established and achieved good growth, others have not gained the traction we had originally hoped for. Management are aware of this challenge and are working with the sales team to grow the sales of all these new products.

As we indicated last year, we have taken the decision to move key manufacturing processes in house. Good progress has been made on this project, which has led to some major changes for TMP. We have relocated the business to Birmingham and in our new facility, have all the plant required for vacuum forming, rotational moulding, lamination and assembly of our highway and street bollards. This should allow us to generate a significant improvement in both the gross and net profit of the business in the future.

A&A Electrical Distributors (A&A)
We acquired A&A in June 2018 from the founders of the business Alan and Ann Warren. A&A has over 35 years of experience in the lift industry and they

Our lift shaft lighting provides continuous even light the length of the shaft

A&A have sold over 6,000km of cable in their lifetime

are the foremost lift component supplier in the UK. They act as a one stop shop for key components that are required in new lift installations and modernisations.

Leading products that A&A supply include, electrical trailing cable, safety items such as car top controllers, shaft lighting as well as many other products. At their 55,000 square feet warehouse in North East London, they stock over 30,000 product lines. The focus is very much on the customer and they look to ship orders next day on their own vehicle fleet.

We have the opportunity at A&A to further improve our customer service by making products available online. We also have the opportunity to replicate, in part, the A&A model to other overseas businesses in the Group.

We are very pleased to welcome back John Bailey into an executive role, as Managing Director of A&A and we are excited that as we enter our 100th year,

Jeremy Dewhurst has joined the Group from Deloitte, to take up the role of A&A Finance Director.

EUROPE & THE MIDDLE EAST

Dewhurst Hungary

The slowdown in sales that we saw in the second half of last year continued through the first half of this year. Sales were low, mirroring a significant slowdown in demand for ATM's. Activity in the second half did pick up but we still finished the year with sales down significantly on previous years.

At the end of the year, we launched the next generation of keypad for ATM's. The plastic version has seen little change but the stainless version has a new key design, which is much cleaner, as well as providing cost benefits to our customers.

Dewhurst Middle East

In our first full year of trading at Dewhurst Middle East, sales reached an acceptable level, giving us a good base for the future.

The nature of the Middle East work is very much skewed towards large projects, the timing of which is difficult to predict. Our objective for the coming year is to secure baseload sales, so we can reduce our dependence on the project work.

NORTH AMERICA

Dupar Controls

We reported in last year's accounts that sales had fallen back at Dupar after many years of growth. This year we once again had strong growth, with sales up 18% to a new record level. An excellent achievement by the team at Dupar. The operations team have been quite stretched to achieve this increase in volumes but we have made good progress in this area, re-organising the factory to improve capacity.

However, we are finding that space is a limitation to our growth ambitions and we are in the process of securing a site a few miles north of our current location. Here we intend to build a new, significantly larger plant to replace our existing factory. This will be an on-going project over the next two years.

Elevator Research & Manufacturing (ERM)
As reported last year, we have significantly restructured the ERM business. Originally it was our intention to mothball the door and cab businesses but we were able to sell these product lines, which was a far more beneficial outcome.

We now have, in ERM, a far simpler business, solely focussed on fixtures. The team have made excellent progress this year. Despite the various distractions, they have grown fixtures sales during the year and turned this business around financially. We now have a strong base from which we can continue to build the company over the coming years.

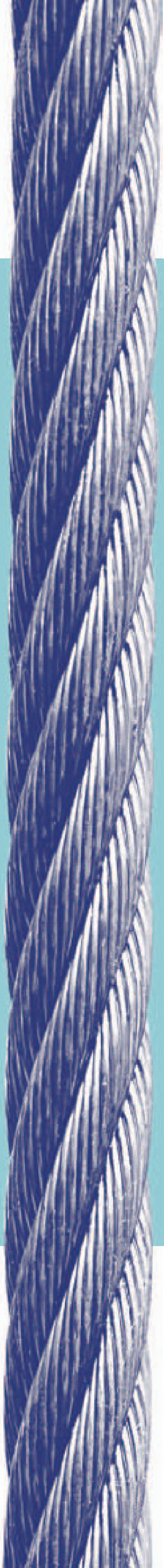
AUSTRALIA & ASIA

Australian Lift Components (ALC)
Sales at ALC were at similar levels to last year. They have continued their focus on quality and on time delivery and have a good reputation in the market.

We have benefitted over the last twelve months from having an office in Brisbane. Our customers have confirmed their preference for local representation. Accordingly, we opened an office in Melbourne during the year which has been very well received by customers.

P&R Lift Cars (P&R)
P&R have had an excellent year. Demand for their bespoke lift cars has been high and their performance in their first full year has greatly exceeded expectations.

12 billion people a day depend on wire rope to move their lift



20,000 Dewhurst Group car tops in use in the UK

Inevitably this high demand has had an impact on senior management, who have been extremely stretched. Our challenge over the coming year will be to provide further support for the management team.

Earlier in the year we invested in a CNC router which has helped improve our cab manufacturing productivity.

Lift Material

We had another strong year at Lift Material, with sales growing by more than 10%. The Escalator Division performed particularly well with a good increase in new escalator handrail installations. Increasingly around the world, but certainly in Australia, we are suffering from a lack of availability of skilled labour and resolving this is our biggest challenge for the coming year.

Dual Engraving (Dual)

The Perth market continues to be quite soft and sales fell in the year. We were always aware that Dual was a business that was almost wholly dependent on the Perth market. When that market is weak, then things will be more difficult for Dual.

We expect the market to improve in the next twelve months, the project pipeline is certainly much brighter and sales should be stronger.

Dewhurst Hong Kong

Sales in the previous year in Hong Kong, were quite exceptional, boosted by a significant demand for TMP products. We took the decision at the end of last year that it would be preferable for TMP to service those customers direct, so Dewhurst Hong Kong are no longer involved in that market.

Sales of lift products however grew and Dewhurst Hong Kong had a successful year.

Approved on behalf of the board.

200,000
stop buttons
enhancing
industrial safety

Principal risks and uncertainties

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

Financial review

The balance sheet remains strong despite record levels of investment

Jared Sinclair
Finance Director

Trading results

The Group continued its upward trend with record sales and profits for a second consecutive year. The Canadian and New South Wales Australian markets saw the biggest organic growth in local terms with all these subsidiaries reporting record sales. Additional growth in sales this year also came from the acquisition of A&A Electrical Distributors Ltd (A&A) which contributed £3.9 million sales in the 4 months to September 2018 as well as a first full year of sales from P&R Lift Cars Pty Ltd. These strong sales were offset by weaker demand from our keypad division in Hungary and the reduction in sales (£1.8 million in 2017) following the disposal of ERM's Winter & Bain division as part of a restructure of the North American business.

Again currencies had an impact on the performance of the Group as two thirds of sales are earned and held in foreign currencies which are retranslated for Group reporting. This year resulted in a decrease in like-for-like sales of £1.5 million or 2.8% and a reduction in profit before tax of £0.2 million or 3.9%.

Overall, reported revenue increased by 3.1% from £52.9 million to £54.5 million and adjusted operating profit (before acquired intangible amortisation) increased by 8.0% from £6.2 million to £6.7 million.

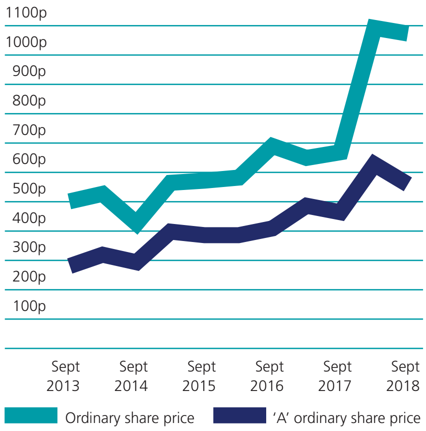
Solid cash position

Having built the cash position to a very healthy balance over the last few years and with cash flows for 2018 again looking strong, the Group was able to finance the sizeable acquisition of A&A from existing resources. Despite spending £10.5 million on this acquisition the Group still ended the year with cash at a respectable £9.4 million, down £8.7 million from £18.1 million in 2017.

On 7 September 2018, the Group had also paid a 10% deposit and exchanged contracts to purchase the freehold of a property in Sydney for £2.5 million (A$4.6 million). This transaction has now been completed and will be occupied by Lift Material.

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

Shareholders' return



Pension scheme deficit

For the second year running it is also pleasing to be able to report a significant improvement in the pension scheme deficit. The liability discount rate continued to edge back up in 2018 to 2.85% (2017: 2.6%) reducing the liabilities by £2.1 million. This coupled with the Company continuing to contribute £1.4 million and the assets of the scheme performing marginally better than expected at £1.1 million resulted in the scheme deficit reducing by £4.2 million from £11.8 million in 2017 to £7.6 million.

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

39% growth in dividend over 5 years

Group key performance indicators

	2014^ £'000	2015^ £'000	2016^ £'000	2017^ £'000	**2018 £'000**
Revenue	46,616	45,946	47,159	52,890	**54,510**
Adjusted operating profit *	5,475	5,588	5,502	6,244	**6,743**
Operating profit	5,179	5,675	5,410	6,244	**6,188**
Profit before taxation	4,812	5,318	5,085	5,966	**5,983**
As a percentage of total equity ^	21.0%	21.6%	20.1%	18.7%	**16.2%**
Taxation	1,066	1,002	1,577	1,345	**1,723**
Profit after taxation	3,746	4,316	3,508	4,621	**4,260**
Total equity ^	22,937	24,570	25,258	31,893	**37,008**
Earnings per share, basic and diluted	43.87p	50.21p	40.75p	52.65p	**47.93p**
Dividends per share	9.00p	13.00p	11.00p	12.00p	**12.50p**
Defective parts per million	n/a	n/a	3,241	1,236	**1,525**
On time delivery (%)	n/a	n/a	90%	92%	**90%**

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

^ As restated (see note 26)

n/a – not available

Capital management and treasury policy

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

The Group seeks to reduce or eliminate financial risk to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. In preparation for the acquisition of A&A, the Group drew surplus cash back from its subsidiaries in the form of dividends and transferred any short term deposited money at the Company from its 95-day interest account into an instant access bank account. This money was used to fund the A&A acquisition as well as support the new business with its post-acquisition working capital requirements. This has enabled A&A to function without the need for a bank overdraft.

The policies and procedures operated are regularly reviewed and approved by the board. By varying the duration of its fixed and floating cash deposits, the Group maximises the return on interest earned.

The Group continues to hedge foreign currencies internally where possible but stopped using derivatives at the start of the year in the form of foreign exchange contracts to manage its currency risk, as reported in note 24.

Dividends

Dividends are accounted for when paid or approved by shareholders, and not when proposed, therefore the proposed final dividend for 2018 has not been accrued at the end of the reporting period. The total dividend for 2018 of 12.50p per share is 4.2% up on 2017 and is covered 4.0 times by earnings. Total equity improved from £31.9 million to £37.0 million primarily as a result of the strong trading performance in the year as well as the £4.2m drop in the pension deficit referred to above.

There was no change in the number of the total issued share capital of the Company during the year.

5 December 2018

Board of directors

Richard Dewhurst BA (Eng Sc), ACMA Ⓡ
Chairman
Age 62**.** Joined in 1985.
Previously with Ford Motor Co, Ernst & Whinney, Senior Management Consultant.

David Dewhurst BSc (Elec Eng)
Group Managing Director
Age 57. Joined in 1987.
Previously with Holmes & Marchant plc.

Jared Sinclair BSc, ACA
Finance Director & Company Secretary
Age 48. Joined in 1997.
Previously with Moores Rowland, Chartered Accountants, Audit Senior.

Richard Young BSc, MBA, CEng, FIET
Managing Director, Thames Valley Controls
Age 62**.** Joined in 1996.
Previously with MBM Technology Ltd, Director and General Manager.

John Bailey
Managing Director, A&A Electrical Distributors Age 48. Joined in 2008.
Previously with Brett Landscaping & Building Products, Commercial Director.

Peter Tett MA, MSc Ⓐ Ⓡ
Non-executive Director
Age 79. Joined in 2000.
Previously with Halma plc, Director.

Alan Warren
Non-executive Director
Age 61. Joined in 2018.
Previously with A&A Electrical Distributors Ltd, Director.

Committee membership

Remuneration Committee
Meets once per year
Ⓡ Chairman
Ⓡ Member

Audit Committee
Meets twice per year
Ⓐ Chairman

Chairman's corporate governance statement

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

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

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

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

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

The full Board meets eight times per year and deals with all important aspects of the Group's affairs. During the year only Mr A Warren was unable to attend one executive meeting.

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

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

The Committees conduct a self-assessment of their performance during the year, measuring their performance against their Terms of Reference. The audit committee risks and concerns are reported in the body of the audit report, particularly the audit approach and key audit matters as detailed on pages 41 to 43.

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

Report of the directors

The directors present their annual report on the affairs of the Group together with the financial statements and auditor's report for the year ended 30 September 2018.

Results and dividends

The trading profit for the year, after taxation, amounted to £4.3 million (2017: £4.6 million).

A final dividend on the Ordinary and 'A' non-voting ordinary shares of 9.00p per share (2017: 8.50p) for the financial year ended 30 September 2018 will be proposed at the Annual General Meeting (AGM) to be held on 5 February 2019. If approved, this dividend will be paid on 13 February 2019 to members on the register at 18 January 2019. The ex-dividend date will be 17 January 2019.

An interim dividend of 3.50p per share (2017: 3.50p) was paid on 21 August 2018.

A final dividend on the Ordinary and 'A' non-voting ordinary shares of 8.50p per share (2016: 8.00p) which amounted to £716k (2016: £678k) for the financial year ended 30 September 2017 was approved at the AGM held on 8 February 2018 and was paid on 14 February 2018 to members on the register at 19 January 2018.

Post balance sheet events

On 7 September 2018 Dewhurst Australian Property Pty Ltd paid a 10% deposit and exchanged contracts to purchase the freehold property of Unit 2, 73 Beauchamp Road, Matraville, Sydney. The property cost A$4.6 million (£2.5 million) in total and full payment completed after the year end on 17 October 2018. This property will be rented to Lift Material Australia Pty Ltd.

Share repurchases

There have been no share purchases during the financial year.

Directors

The members of the board during the year were:

Mr R M Dewhurst (Chairman)
Mr D Dewhurst (Group managing director)
Mr J C Sinclair
Mr R Young
Mr J Bailey
Mr P Tett (Non-executive)
Mr A Warren (Non-executive) – joined 13 June 2018

The directors retiring by rotation at this year's Annual General Meeting are Mr R Young and Mr P Tett, along with Mr A Warren who, being eligible, offer themselves for re-election. The unexpired period of Mr R Young, Mr P Tett and Mr A Warren's service agreement is less than one year.

Directors' share interests

The table below sets out the names of the persons who were directors of the company during the financial year ended 30 September 2018 together with details of their own and their families' beneficial interests in the shares of the company at that date and corresponding details at 30 September 2017.

		30 September 2018	30 September 2017	
	Ordinary Shares	**'A' Ordinary Shares**	Ordinary Shares	'A' Ordinary Shares
Mr R M Dewhurst	**492,333**	**123,666**	492,333	123,666
Mr D Dewhurst	**419,595**	**69,932**	419,595	69,932
Mr J C Sinclair	**1,000**	**–**	1,000	–
Mr R Young	**1,000**	**–**	1,000	–
Mr J Bailey	**1,000**	**–**	1,000	–
Mr P Tett	**1,000**	**–**	1,000	–
Mr A Warren	**7,936**	**9,090**	7,936	9,090

At 30 September 2018 and 30 September 2017 there were no share options allocated to the directors. During the financial year no director was materially interested in any contract which was significant to the Group's business.

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

Substantial shareholdings

At 25 November 2018, the company had been advised of the following beneficial interests in excess of 3% of the ordinary voting share capital (other than the holdings shown under directors' share interests).

Mrs V E Dewhurst	651,000
Fidelity NorthStar Fund	201,000
Mrs B Bruce	190,208
Ms E Dewhurst	175,333
Mr J H Ridley	137,500
Mr I Scott	100,000

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

Mrs V E Dewhurst	518,000
JIM Nominees Ltd	443,698
MI Discretionary Unit Fund	330,000
Pershing Nominees Ltd	287,000
Hargreaves Lansdown Nominees Ltd (VRA acct)	271,681
Vidacos Nominees Ltd	248,500
Interactive Investor Services Nominees Ltd	187,258
Hargreaves Lansdown Nominees Ltd (15942 acct)	169,811

Employee involvement

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

Health and safety

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

Employment policies

The Group is committed to ensuring that:

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

Research and development

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

Financial risks

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

Going concern

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

Directors' remuneration

The remuneration of the directors is shown below:

	Salary and fees £(000)	Bonus £(000)	Benefits in kind £(000)	Pension £(000)	**2018 Total £(000)**	2017 Total £(000)
Executive directors:						
Mr R M Dewhurst	129	126	3	–	**258**	239
Mr D Dewhurst	127	109	3	–	**239**	206
Mr J C Sinclair	103	39	–	11	**153**	137
Mr R Young	115	34	–	10	**159**	133
Mr J Bailey (from 4 June 2018)	44	19	–	–	**63**	–
Non-executive directors:						
Mr J Bailey (up to 4 June 2018)	15	–	–	–	**15**	23
Mr P Tett	20	–	–	–	**20**	19
Mr A Warren	6	–	–	–	**6**	–

Auditor

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

During the year, Jeffreys Henry LLP were appointed as the company's auditors, Jeffreys Henry LLP have confirmed that they are willing to continue in office, and a resolution to reappoint them as auditors will be proposed at the forthcoming Annual General Meeting.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

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

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

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

By order of the board

Jared Sinclair
Secretary

5 December 2018

Consolidated financial statements

Consolidated statement of comprehensive income

For the year ended 30 September 2018	Notes	2018 £(000)	2017 (as restated) £(000)
Continuing operations			
Revenue	2	**54,510**	52,890
Operating costs	3	**(48,322)**	(46,646)
Adjusted operating profit*		**6,743**	6,244
Amortisation of acquired intangibles	11	**(555)**	–
Operating profit		**6,188**	6,244
Finance income	5	**86**	117
Finance costs	6	**(291)**	(395)
Profit before taxation		**5,983**	5,966
Taxation	7	**(1,723)**	(1,345)
Profit for the financial year	8	**4,260**	4,621
Other comprehensive income:			
Actuarial gains/(losses) on the defined benefit pension scheme	21	**3,080**	3,672
Deferred tax effect		**(524)**	(624)
Tax on items taken directly to equity		**140**	-
Total that will not be subsequently reclassified to income statement		**2,696**	3,048
Exchange differences on translation of foreign operations		**(727)**	(104)
Total that may be subsequently reclassified to income statement		**(727)**	(104)
Other comprehensive income/(expense) for the year, net of tax		**1,969**	2,944
Total comprehensive income for the year		**6,229**	7,565
Profit for the year attributable to:			
Equity shareholders of the company		**4,039**	4,445
Non-controlling interests		**221**	176
		4,260	4,621
Total comprehensive income for the year attributable to:			
Equity shareholders of the company		**6,070**	7,410
Non-controlling interests		**159**	155
		6,229	7,565
Basic and diluted earnings per share	9	**47.93p**	52.65p

* Operating profit before amortisation of acquired intangibles

The notes on pages 20–37 form part of these financial statements

Consolidated statement of financial position

At 30 September 2018	Notes	2018 £(000)	2017 (as restated) £(000)
Non-current assets			
Goodwill	10	**8,598**	4,575
Other intangibles	11	**4,510**	98
Property, plant and equipment	12	**9,271**	9,267
Deferred tax asset	19	**1,639**	2,301
		24,018	16,241
Current assets			
Inventories	14	**6,279**	5,566
Trade and other receivables	15	**13,920**	10,011
Cash and cash equivalents	16	**9,440**	18,087
		29,639	33,664
Total assets		**53,657**	49,905
Current liabilities			
Trade and other payables	17	**8,185**	5,567
Current tax liabilities		**532**	368
Short-term provisions	18	**304**	326
		9,021	6,261
Non-current liabilities			
Retirement benefit obligation	21	**7,628**	11,751
Total liabilities		**16,649**	18,012
Net assets		**37,008**	31,893
Equity			
Share capital	20	**842**	842
Share premium account		**157**	157
Capital redemption reserve		**295**	295
Translation reserve		**1,964**	2,629
Retained earnings		**32,693**	26,969
Total attributable to equity shareholders of the company		**35,951**	30,892
Non-controlling interests		**1,057**	1,001
Total equity		**37,008**	31,893

The financial statements were approved by the board of directors and authorised for issue on 5 December 2018 and were signed on its behalf by:

Richard Dewhurst Chairman **Jared Sinclair** Finance Director

Company Registration Number: 160314

The notes on pages 20–37 form part of these financial statements

Consolidated statement of changes in equity

For the year ended 30 September 2018	Share capital £(000)	Share premium account £(000)	Capital redemption reserve £(000)	Translation reserve £(000)	Retained earnings £(000)	Non controlling interest £(000)	Total equity £(000)
At 30 September 2016 (as previously stated)	847	157	290	2,034	20,663	589	24,580
Prior year adjustment (see note 26)	–	–	–	678	–	–	678
At 30 September 2016 (as restated)	847	157	290	2,712	20,663	589	25,258
Shares issued	–	–	–	–	–	311	311
Share repurchase	(5)	–	5	–	(217)	–	(217)
Exchange differences on translation of foreign operations	–	–	–	(83)	–	(21)	(104)
Actuarial gains/(losses) on defined benefit pension scheme	–	–	–	–	3,672	–	3,672
Deferred tax effect	–	–	–	–	(624)	–	(624)
Dividends paid	–	–	–	–	(970)	(54)	(1,024)
Profit for the year	–	–	–	–	4,445	176	4,621
At 30 September 2017	**842**	**157**	**295**	**2,629**	**26,969**	**1,001**	**31,893**
Exchange differences on translation of foreign operations	**–**	**–**	**–**	**(665)**	**–**	**(62)**	**(727)**
Actuarial gains/(losses) on defined benefit pension scheme	**–**	**–**	**–**	**–**	**3,080**	**–**	**3,080**
Deferred tax effect	**–**	**–**	**–**	**–**	**(524)**	**–**	**(524)**
Tax on items taken directly to equity	**–**	**–**	**–**	**–**	**140**	**–**	**140**
Dividends paid	**–**	**–**	**–**	**–**	**(1,011)**	**(103)**	**(1,114)**
Profit for the year	**–**	**–**	**–**	**–**	**4,039**	**221**	**4,260**
At 30 September 2018	**842**	**157**	**295**	**1,964**	**32,693**	**1,057**	**37,008**

The notes on pages 20–37 form part of these financial statements

Consolidated cash flow statement

For the year ended 30 September 2018	Notes	2018 £(000)	2017 £(000)
Cash flows from operating activities			
Operating profit		**6,188**	6,244
Depreciation and amortisation		**1,572**	975
Contributions to pension scheme, net of administration fee		**(1,331)**	(1,343)
Exchange adjustments		**(155)**	(49)
(Profit)/loss on disposal of property, plant and equipment		**36**	21
		6,310	5,848
(Increase)/decrease in inventories		**(487)**	(703)
(Increase)/decrease in trade and other receivables		**(3,909)**	290
Increase/(decrease) in trade and other payables		**2,618**	202
Increase/(decrease) in provisions		**(22)**	(228)
Cash generated from operations		**4,510**	5,409
Interest paid		**(3)**	(2)
Tax paid		**(1,270)**	(968)
Net cash from operating activities		**3,237**	4,439
Cash flows from investing activities			
Acquisition of business and assets	25	**(9,525)**	(933)
Proceeds from sale of property, plant and equipment		**43**	52
Purchase of property, plant and equipment		**(1,161)**	(978)
Development costs capitalised		**(29)**	(82)
Interest received		**86**	117
Net cash generated from/(used in) investing activities		**(10,586)**	(1,824)
Cash flows from financing activities			
Dividends paid		**(1,114)**	(1,024)
Purchase of own shares		**–**	(217)
Net cash used in financing activities		**(1,114)**	(1,241)
Net increase/(decrease) in cash and cash equivalents		**(8,463)**	1,374
Cash and cash equivalents at beginning of year	16	**18,087**	16,674
Exchange adjustments on cash and cash equivalents		**(184)**	39
Cash and cash equivalents at end of year	16	**9,440**	18,087

The notes on pages 20–37 form part of these financial statements

Note 1 Accounting policies

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

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the years presented, unless otherwise stated. The results have been prepared on the basis of all IFRS issued by the International Accounting Standards Board currently effective. All IFRS issued but not yet effective including IFRS 15 'Revenue from Contracts with Customers' and IFRS 16 'Leases' have not been applied and whilst the directors have yet to assess their full impact, initial indications are that they should not materially affect the Group.

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

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

Goodwill impairment The directors review each cash generating unit (CGU) and calculate whether its goodwill has suffered any impairment loss, based upon the fair value calculation. The directors judged the 2018 fair value calculation to be the 2018 EBITDA multiplied by an externally derived private company price index (PCPI). This calculation is disclosed further in note 10.

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

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

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

Consolidation The consolidated financial statements incorporate the results of Dewhurst plc and all of its subsidiary undertakings made up to 30 September 2018, adjusted to eliminate intra-group balances, transactions, income and expenses. The Group has used the acquisition method of accounting to consolidate the results of subsidiary undertakings, which are included from the date of acquisition.

Revenue Revenue is measured at the fair value of sales of goods and services less returns and sales taxes. Revenue is recognised in accordance with the contracted terms of sale. Normally the order and price quoted excludes delivery, so revenue is recognised upon dispatch when the risk in the goods passes to the customer; otherwise revenue is recognised upon delivery. Revenue may also be recognised prior to dispatch if the goods are complete but the customer is unable to take delivery but accepts transfer of risk.

Customer loyalty rebates The cost of customer loyalty rebates is recognised within sales, with deferred revenue equal to the estimated fair value of the loyalty rebate recognised when the original transaction occurs. On redemption, the cost of redemption is offset against deferred revenue.

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

Other Intangible assets

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

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

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

Property (basic structure)	1½% – on a declining balance basis
Property (fittings)	5% to 20% – on a straight-line basis
Plant and equipment	10% to 33⅓% – on a straight-line basis

Investments in subsidiaries

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

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

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

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

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

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

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

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

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

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

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

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

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

Financial instruments

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

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

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

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

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

Note 2 Segment reporting

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

The geographical analysis by significant regions is as follows:	Revenue 2018 £(000)	Revenue 2017 £(000)	Operating profit 2018 £(000)	Operating profit 2017 £(000)
United Kingdom	**18,636**	13,759	**1,548**	1,496
Europe	**7,253**	9,678	**397**	1,298
The Americas	**13,682**	14,387	**1,703**	809
Asia & Australia	**17,991**	17,807	**2,597**	2,731
Other	**745**	410	**(57)**	(90)
	58,307	56,041	**6,188**	6,244
Inter-company sales	**(3,797)**	(3,151)		
Finance income/(costs)			**(205)**	(278)
Consolidated revenue/profit before tax for the year	**54,510**	52,890	**5,983**	5,966

	Assets 2018 £(000)	Assets 2017 £(000)	Liabilities 2018 £(000)	Liabilities 2017 £(000)
United Kingdom	**24,037**	16,045	**7,736**	7,163
Europe	**4,956**	6,563	**1,910**	2,549
The Americas	**10,124**	11,350	**3,161**	3,932
Asia & Australia	**14,309**	15,109	**3,317**	3,703
Other	**231**	838	**525**	665
Consolidated assets/liabilities for the year	**53,657**	49,905	**16,649**	18,012

	Capital additions 2018 £(000)	Capital additions 2017 £(000)	Depreciation and amortisation 2018 £(000)	Depreciation and amortisation 2017 £(000)
United Kingdom	**9,852**	344	**907**	301
Europe	**103**	107	**100**	110
The Americas	**272**	271	**259**	246
Asia & Australia	**251**	1,576	**290**	302
Other	**11**	5	**16**	16
Total Group	**10,489**	2,303	**1,572**	975

The secondary segmental reporting is by the following business sectors:

Sector	Revenue 2018 £(000)	Revenue 2017 £(000)
Lift	**48,036**	42,510
Transport	**2,985**	3,519
Keypad	**7,286**	10,012
	58,307	56,041
Inter-company sales	**(3,797)**	(3,151)
	54,510	52,890

	Assets 2018 £(000)	2017 £(000)	Capital additions 2018 £(000)	2017 £(000)
Lift	**47,141**	42,316	**10,104**	2,026
Transport	**2,059**	2,249	**303**	183
Keypad	**4,457**	5,340	**82**	94
Total Group	**53,657**	49,905	**10,489**	2,303

The Group has one major customer who accounts for £6.8 million (2017: £9.6 million) of the keypad revenue which is split across the United Kingdom, Europe, Asia & Australia and the Americas.

Note 3 Operating costs

	2018 £(000)	2017 £(000)
Movement in inventory obsolescence provision	**143**	(27)
Cost of inventories recognised as an expense	**24,532**	24,363
Staff costs (see note 4)	**17,650**	16,750
Depreciation	**955**	901
Amortisation	**617**	74
Foreign exchange differences	**(7)**	119
Other operating charges	**4,432**	4,466
Operating costs	**48,322**	46,646

Other operating charges include lease rentals on premises £589k (2017: £604k) and lease rentals on motor vehicles £80k (2017: £80k), loss on sale of property, plant and equipment £36k (2017: loss of £21k) and auditor’s remuneration detailed below. Expenditure on research and development was £812k (2017: £710k).

Auditor’s remuneration: **Amounts paid to Jeffreys Henry LLP (2017: Moore Stephens LLP)**	The Group 2018 £(000)	2017 £(000)	The Company 2018 £(000)	2017 £(000)
Statutory audit services	**68**	65	**24**	27
Amounts paid to Moore Stephens LLP				
Pension audit services	**7**	6	**2**	2
Taxation compliance services	**13**	11	**1**	1
Other taxation advisory services	**17**	18	**17**	18
	37	35	**20**	21
	105	100	**44**	48

Note 4 Staff costs and information regarding employees

Costs during the year were as follows:	2018 £(000)	The Group 2017 £(000)	2018 £(000)	The Company 2017 £(000)
Wages and salaries	**15,682**	14,836	**685**	656
Social security costs	**1,066**	1,049	**77**	76
Pension costs (see note 21)	**902**	865	**83**	105
	17,650	16,750	**845**	837

The average number of employees during the year was:

	2018 No.	The Group 2017 No.	2018 No.	The Company 2017 No.
Office and management	**184**	161	**8**	8
Manufacturing	**211**	208	**–**	–
	395	369	**8**	8

The executive directors comprise the key management personnel of the Group and company in both the current and previous years.

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

	2018 £(000)	2017 £(000)
Emoluments – Executive directors	**851**	696
Emoluments – Non-executive directors	**41**	42
	892	738

Two directors also received pension payments into their defined contribution schemes totalling £21k (2017: £19k).

The emoluments of the directors is reported on page 15 of the directors report and the remuneration of the highest paid director during the year was £258k (2017: £239k). The highest paid director, under the defined benefit scheme has accrued pension of £148k (2017: £141k) and a transfer value of £3,099k (2017: £2,925k).

Note 5 Finance income

	2018 £(000)	2017 £(000)
Bank deposit interest	**86**	117

Note 6 Finance costs

	2018 £(000)	2017 £(000)
Interest payable on bank overdraft and loans	**(3)**	(2)
Net costs on defined benefit pension scheme (note 21)	**(288)**	(393)
	(291)	(395)

Note 7 Tax

Current tax	2018 £(000)	2017 £(000)
UK corporation tax at 19.0% (2017: 19.5%)	**379**	(13)
Adjustment on prior years tax	**8**	21
Overseas taxation	**1,213**	1,169
	1,600	1,177
Deferred tax		
Origination and reversal of temporary differences	**123**	168
Effect of changes in tax rates	**–**	–
Tax expense in the income statement	**1,723**	1,345

The tax assessed for the year is different from the standard rate of corporation tax in the UK.

The differences are explained below:	2018 £(000)	2017 £(000)
Profit before tax	**5,983**	5,966
Standard rate of corporation tax in the UK	**19.0%**	19.5%
Effects of:		
Adjustments in respect of prior years	**0.1%**	0.3%
Overseas withholding tax	**1.2%**	–
Different rate of tax on overseas earnings	**4.8%**	4.7%
Additional reduction for R&D expenditure	**(1.2%)**	(1.9%)
Expenses not deductible for tax purposes	**4.3%**	(0.2%)
Tax on items taken directly to equity	**2.3%**	–
Other permanent differences	**–**	0.3%
Deferred tax not recognised	**(1.7%)**	(0.2%)
Effective tax rate for the year	**28.8%**	22.5%

Note 8 Profit for the financial year

The company profit for the year includes £5,321k (2017: £2,786k) of profit after tax, which has been dealt with in the financial statements of the holding company. The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own income statement in these financial statements.

Note 9 Earnings per share and dividend per share

Weighted average number of shares	2018 No.	2017 No.
For basic and diluted earnings per share	**8,424,898**	8,442,843

The calculation of basic and diluted earnings per share is based on the profit for the financial year of £4,038,159 and on 8,424,898 Ordinary 10p and 'A' non-voting ordinary 10p shares, being the weighted average number of shares in issue throughout the financial year. There are no share options issued.

Paid dividends per 10p ordinary share	2018 £(000)	2017 £(000)
2017 final paid of 8.50p (2016: 8.00p)	**(716)**	(678)
2018 interim paid of 3.50p (2017: 3.50p)	**(295)**	(295)
Unclaimed dividends returned – more than 12 years old	**–**	3
Dividends paid – The Company	**(1,011)**	(970)
Dividends paid to non-controlling interest – Dual Engraving Pty Ltd	**(103)**	(54)
Dividends paid – The Group	**(1,114)**	(1,024)

The final proposed dividend is based on 3,309,200 Ordinary 10p shares and 5,115,698 'A' non-voting ordinary 10p shares, being the latest number of shares in issue. The directors are proposing a final dividend of 9.00p (2017: 8.50p) per share, totalling £758k (2017: £716k). This dividend has not been accrued at the end of the reporting period.

Note 10 Goodwill

	2018 £(000)	The Group 2017 £(000)
Cost or valuation:		
At 1 October	**11,378**	10,304
Exchange adjustment	**(345)**	(142)
Additions on acquisition of subsidiaries	**4,299**	1,216
At 30 September	**15,332**	11,378
Impairment:		
At 1 October	**6,803**	6,860
Exchange adjustment	**(69)**	(57)
At 30 September	**6,734**	6,803
Net book value:		
At 30 September	**8,598**	4,575

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

The remaining goodwill relates to five CGUs, four in Australia, Australian Lift Components Pty Ltd acquired in February 2000 – £1,132k (2017: £1,205k), Lift Material Australia Pty Ltd acquired in July 2005 – £807k (2017: £859k), Dual Engraving Pty Ltd acquired in February 2013 – £1,259k (2017: £1,340k), P&R Liftcars Pty Ltd acquired in January 2017 – £1,101k (2017: £1,171k) and one in the UK, A&A Electrical Distributors Ltd acquired in June 2018 – £4,299k (2017: n/a).

Goodwill values have been tested for impairment by comparing them against the fair value of the relevant CGUs. The fair value calculations for 2018 are based on 2018 EBITDA profits multiplied by an externally derived private company price index (PCPI). The goodwill impairment charge that arose during the current year is nil (2017: nil) and the calculations indicate sufficient headroom such that a reasonable change to key assumptions would not result in an impairment of the related goodwill.

Note 11 Other intangibles

			The Group			
	2018 Acquired intangibles £(000)	**2018 Other £(000)**	**2018 Total £(000)**	2017 Acquired intangibles £(000)	2017 Other £(000)	2017 Total £(000)
Cost or valuation:						
At 1 October	**934**	**932**	**1,866**	945	853	1,798
Exchange adjustment	**(56)**	**1**	**(55)**	(11)	(3)	(14)
Additions	**5,000**	**29**	**5,029**	–	82	82
At 30 September	**5,878**	**962**	**6,840**	934	932	1,866
Amortisation:						
At 1 October	**934**	**834**	**1,768**	945	762	1,707
Exchange adjustment	**(56)**	**1**	**(55)**	(11)	(2)	(13)
Charge for the year	**555**	**62**	**617**	–	74	74
At 30 September	**1,433**	**897**	**2,330**	934	834	1,768
Net book value:						
At 30 September 2018	**4,445**	**65**	**4,510**	–	98	98
At 30 September 2017	**–**	**98**	**98**	–	91	91

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

Note 12 Property, plant and equipment

	The Group Property £(000)	Plant and equipment £(000)	Total £(000)	The Company Property £(000)	Plant and equipment £(000)	Total £(000)
Cost or valuation:						
At 1 October 2016	8,626	7,729	16,355	6,197	172	6,369
Exchange adjustment	(6)	(15)	(21)	–	–	–
Additions	24	954	978	–	–	–
Additions on acquisition of subsidiaries	–	28	28	–	–	–
Disposals	(17)	(510)	(527)	–	–	–
At 1 October 2017	8,627	8,186	16,813	6,197	172	6,369
Exchange adjustment	**(113)**	**(143)**	**(256)**	**–**	**–**	**–**
Additions	**8**	**1,028**	**1,036**	**–**	**–**	**–**
Additions on acquisition of subsidiaries	**–**	**125**	**125**	**–**	**–**	**–**
Disposals	**–**	**(289)**	**(289)**	**–**	**–**	**–**
At 30 September 2018	**8,522**	**8,907**	**17,429**	**6,197**	**172**	**6,369**
Depreciation:						
At 1 October 2016	1,491	5,624	7,115	666	125	791
Exchange adjustment	–	(16)	(16)	–	–	–
Charge for the year	197	704	901	117	9	126
Disposals	(16)	(438)	(454)	–	–	–
At 1 October 2017	1,672	5,874	7,546	783	134	917
Exchange adjustment	**(36)**	**(97)**	**(133)**	**–**	**–**	**–**
Charge for the year	**189**	**766**	**955**	**114**	**9**	**123**
Disposals	**–**	**(210)**	**(210)**	**–**	**–**	**–**
At 30 September 2018	**1,825**	**6,333**	**8,158**	**897**	**143**	**1,040**
Net book value:						
At 30 September 2018	**6,697**	**2,574**	**9,271**	**5,300**	**29**	**5,329**
At 30 September 2017	6,955	2,312	9,267	5,414	38	5,452

Capital commitments contracted by the Group at 30 September 2018 for property, plant and equipment amounted to £3,059k (2017: £116k) and by the company is nil (2017: nil). Capital commitments authorised but not contracted by the Group at 30 September 2018 amounted to £382k (2017: £647k) and by the company is nil (2017: nil).

Note 13 Investments – shares in subsidiary undertakings

The Company Investments (ordinary shares) are:	2018 £(000)	2017 £(000)
Cost	**21,293**	11,768
Provision for impairment	**(6,827)**	(6,827)
	14,466	4,941

Investments in subsidiary undertakings are:	2018 £(000)	2017 £(000)
Cost (after provision for impairment):		
Dewhurst UK Ltd	**175**	175
Thames Valley Controls Ltd	**300**	300
Traffic Management Products Ltd	**–**	–
Dewhurst (Hungary) Kft	**72**	72
Dupar Controls Inc.	**35**	35
The Fixture Company	**–**	–
Elevator Research Manufacturing Corp.	**–**	–
Australian Lift Components Pty Ltd	**1,798**	1,798
P&R Liftcars Pty Ltd	**933**	933
Lift Material Australia Pty Ltd	**85**	85
Dual Engraving Pty Ltd	**1,445**	1,445
Dewhurst Australian Property Pty Ltd	**97**	97
Dewhurst (Hong Kong) Ltd	**1**	1
	4,941	4,941
Additions		
A&A Electrical Distributors Ltd (acquired 2 Jun 2018)	**9,525**	–
	14,466	4,941

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

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

Note 14 Inventories

	The Group 2018 £(000)	2017 £(000)	The Company 2018 £(000)	2017 £(000)
Raw materials and components	**2,675**	2,710	**–**	–
Work-in-progress	**761**	854	**–**	–
Finished goods and goods for re-sale	**2,843**	2,002	**–**	–
	6,279	5,566	**–**	–

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

Note 15 Trade and other receivables

	The Group 2018 £(000)	2017 £(000)	The Company 2018 £(000)	2017 £(000)
Trade receivables	**13,051**	9,629	**–**	1
Amounts due from subsidiary undertakings (note 23)	**–**	–	**2,475**	1,327
Other receivables	**331**	130	**28**	18
Prepayments and accrued income	**538**	252	**70**	21
	13,920	10,011	**2,573**	1,367

Trade receivables are shown net of provision for impairment. The movements in the provision for impairment of receivables were as follows:

	The Group 2018 £(000)	2017 £(000)	The Company 2018 £(000)	2017 £(000)
At 1 October	**194**	188	**–**	–
Charge for the year	**(17)**	8	**–**	–
Costs recovered / (incurred)	**(4)**	(2)	**–**	–
At 30 September	**173**	194	**–**	–

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

	Total £(000)	Within terms £(000)	Up to 1 month overdue £(000)	Up to 2 months overdue £(000)	Over 2 months overdue £(000)
As at 30 September 2018	**13,051**	**8,585**	**3,441**	**858**	**167**
As at 30 September 2017	9,629	6,909	1,963	664	93

These receivables are of good credit quality.

Note 16 Cash and cash equivalents

	The Group 2018 £(000)	2017 £(000)	The Company 2018 £(000)	2017 £(000)
Cash	**9,440**	9,387	**3,039**	1,529
Short-term deposits	**–**	8,700	**–**	8,700
	9,440	18,087	**3,039**	10,229

Note 17 Trade and other payables

	The Group 2018 £(000)	2017 £(000)	The Company 2018 £(000)	2017 £(000)
Trade payables	**2,761**	2,146	**15**	–
Other taxes and social security costs	**978**	586	**15**	14
Other payables	**1,145**	381	**30**	29
Accruals and deferred income	**3,301**	2,454	**320**	363
	8,185	5,567	**380**	406

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

Note 18 Short-term provisions

	The Group 2018 £(000)	2017 £(000)	The Company 2018 £(000)	2017 £(000)
Warranty provisions	**304**	326	**–**	–

Warranties are provided in the normal course of business based on current issues and are costed on an assessment of future claims with reference to past claims. The provision is in relation to replacement and change-out costs and although it is not possible to estimate the timing of crystallisation of the potential liability it is expected that it will be utilised during the coming year. Amounts charged to the Group income statement during the year were £66k (2017: credited (£130k)). Amounts utilised by the Group in the year were £89k (2017: £98k). There were no amounts charged or utilised this year or last year by the company.

Note 19 Deferred taxation

Deferred tax asset:	The Group 2018 £(000)	The Group 2017 £(000)	The Company 2018 £(000)	The Company 2017 £(000)
At 1 October (as previously stated)	–	2,423	–	2,783
Prior year adjustment (see note 26)	–	678	–	–
At 1 October (as restated)	**2,301**	3,101	**1,998**	2,783
Transfer directly (to)/from other comprehensive income	**(524)**	(624)	**(524)**	(624)
Foreign exchange on deferred tax	**(15)**	(8)	–	–
Transfer (to)/from income statement	**(123)**	(168)	**(177)**	(161)
At 30 September	**1,639**	2,301	**1,297**	1,998

Deferred tax at 30 September relates to the following:	The Group 2018 £(000)	The Group 2017 £(000)	The Company 2018 £(000)	The Company 2017 £(000)
Defined benefit pension scheme	**1,297**	1,998	**1,297**	1,998
Provisions	**342**	303	–	–
Deferred tax asset	**1,639**	2,301	**1,297**	1,998

Note 20 Share capital

Authorised:	2018 £(000)	2017 £(000)
Shares of 10p each – 4,500,000 Ordinary	**450**	450
– 9,000,000 'A' non-voting ordinary	**900**	900
	1,350	1,350

Allotted and fully paid:	2018 £(000)	2017 £(000)
Shares of 10p each – 3,309,200 (2017: 3,309,200) Ordinary	**331**	331
– 5,115,698 (2017: 5,115,698) 'A' non-voting ordinary	**511**	511
	842	842

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

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

Note 21 Retirement benefit obligation

The Group operates pension schemes in the UK, Canada, USA, Australia and Hong Kong, and also complies with Hungarian state legislation in relation to retirement provision. During the year the UK operated both defined contribution schemes, the assets of which are held in independently administered funds, and a defined benefit scheme, the assets of which are held in trustee administered funds. The total pension cost for the Group was £902k (2017: £865k). All, apart from £52k (2017: £77k) of defined benefit pension protection fund levy fees relates to defined contribution schemes. The Hungarian, Canadian, USA, Australian and Hong Kong schemes are of the defined contribution type and the cost to the Group amounted to £494k (2017: £479k). There was an accrued charge of £25k at the end of the reporting period in respect of the defined benefit scheme (2017: an accrual of £24k). On 30 September 2010 the company closed the defined benefit scheme to future accrual and offered all existing members future pension benefits in a new Group defined contribution scheme. There were contributions during the year of £1,404k into the defined benefit scheme (2017: £1,404k). The funding policy is to review triennially the funding position with the actuary and from that review the trustees, company and actuary agree the funding arrangements for the next three years until the next review in June 2018. The contributions for next year will be £1,404k.

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

The pension cost relating to the UK defined benefit scheme is assessed in accordance with the advice of qualified actuaries using the new scheme specific funding regime. The latest actuarial valuation of the scheme was on 1 June 2015. It has been assumed that future investment yields would be at 4.4% per annum (pre-retirement) and 2.9% (post-retirement).

At the date of the latest actuarial valuation of the UK scheme, the market value of the assets of the scheme were £30.2 million (2012: £21.2 million) and the funding level on the on-going valuation basis was 70% (2012: 59%). The 2015 actuarial valuation takes account of secured pensioners when assessing the assets and liabilities of the fund. All the recommendations made by the scheme's actuary to eliminate the scheme deficit have been fully implemented.

IAS 19 Employee benefits

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

Assumptions

The following actuarial assumptions, updated to 30 September 2018 by the scheme actuary, have been used in preparing the disclosures required under IAS 19:

		2018	2017
Retail price index expected to rise by		**3.15%**	3.1%
Pensionable salaries will increase by		**n/a**	n/a
Deferred pensions and pensions in payment will increase by		**3.15%**	3.1%
Liabilities discounted at a rate of		**2.85%**	2.6%
Expected return on pension scheme assets		**2.85%**	2.6%
Expected lifetime for a member retiring at the accounting date	– for males	**21.9 yrs**	22.1 yrs
	– for females	**23.8 yrs**	23.9 yrs
Future expected lifetime for a member retiring in 20 years' time	– for males	**23.3 yrs**	23.5 yrs
	– for females	**25.4 yrs**	25.4 yrs

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

Assumption	Change in assumption	Impact on plan liabilities
Liability Discount Rate	Increase/decrease by 0.1%	Decrease/increase by 1.7%
Rate of inflation (RPI)	Increase/decrease by 0.1%	Increase/decrease by 0.9%
Rate of mortality	Increase/decrease by 1 year	Increase/decrease by 3.1%

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

Note 21 Retirement benefit obligation continued

	Fair value at 30 Sept 2018 £(000)	Fair value at 30 Sept 2017 £(000)	Fair value at 30 Sept 2016 £(000)
Equities	**21,197**	22,132	26,867
Bonds	**12,858**	10,564	2,881
Other	**3,649**	3,500	3,825
Total fair value of scheme assets	**37,704**	36,196	33,573
Present value of scheme liabilities	**(45,332)**	(47,947)	(49,946)
Scheme deficit	**(7,628)**	(11,751)	(16,373)
Related deferred tax asset	**1,297**	1,998	2,783
Net pension liability	**(6,331)**	(9,753)	(13,590)

The amounts charged to operating profit in relation to current service costs are £nil (2017 and 2016: £nil).

Amounts charged to other finance costs:	2018 £(000)	2017 £(000)	2016 £(000)
Interest on pension scheme assets	**946**	840	1,042
Interest on pension scheme liabilities	**(1,234)**	(1,233)	(1,493)
Net benefit/(cost)	**(288)**	(393)	(451)

Amounts recognised in the statement of comprehensive income (SOCI):	2018 £(000)	2017 £(000)	2016 £(000)
Experience gains and losses arising on the scheme assets	**177**	1,730	4,045
Experience gains and losses arising on the scheme liabilities	**607**	–	218
Changes in assumptions underlying the present value of the scheme liabilities	**2,296**	1,942	(9,334)
Actuarial gains/(losses) recognised in SOCI	**3,080**	3,672	(5,071)

History of experience gains and losses:	2018 £(000)	2017 £(000)	2016 £(000)
Experience gains and losses arising on the scheme assets	**177**	1,730	4,045
Percentage of scheme assets	**0.5%**	4.8%	12.0%
Experience gains and losses on scheme liabilities	**607**	-	218
Percentage of the present value of scheme liabilities	**(1.3%)**	0%	(0.4%)
Total amount recognised in SOCI	**3,080**	3,672	(5,071)
Percentage of the present value of scheme liabilities	**(6.8%)**	(7.7%)	10.2%

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

	2018 Assets £(000)	2018 Liabilities £(000)	2018 Total £(000)	2017 Total £(000)	2016 Total £(000)
Deficit in scheme at 1 October	**36,196**	**(47,947)**	**(11,751)**	(16,373)	(12,197)
Movement in the year:					
Benefits paid	**(946)**	**946**	**–**	–	–
Contributions	**1,404**	**–**	**1,404**	1,404	1,404
Administration charge	**(73)**	**–**	**(73)**	(61)	(58)
Other finance costs	**946**	**(1,234)**	**(288)**	(393)	(451)
Actuarial gains/(losses)	**177**	**2,903**	**3,080**	3,672	(5,071)
Deficit in scheme at 30 September	**37,704**	**(45,332)**	**(7,628)**	(11,751)	(16,373)

Included in retained earnings is £11,823k (2017: £14,903k) being the cumulative actuarial losses on the defined benefit pension scheme.

Note 22 Lease commitments

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

	The Group			
	2018 Land and buildings £(000)	**2018 Other £(000)**	2017 Land and buildings £(000)	2017 Other £(000)
Within one year	**653**	**76**	343	85
Within two to five years	**1,543**	**110**	622	102
	2,196	**186**	965	187

Note 23 Related parties

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

	2018 £(000)	2017 £(000)
Management charges to subsidiaries	**1,424**	1,732
Purchases from Bailey Consultancy Services Ltd [1]	**40**	52
Rent from A&A Electrical Distributors Ltd Retirement Benefit Scheme [2]	**73**	–
Rent charges to subsidiaries	**255**	255
Interest income received	**27**	53
Doubtful debts charged to income statement	**(356)**	373
Dividend income received	**4,949**	2,725
Dividends paid to directors	**134**	150
Loans and trade receivables due	**2,475**	1,701
Provision on loans and trade receivables due	**–**	(373)

[1] Mr John Bailey, a director of Bailey Consulting Services Ltd and Dewhurst plc, provided consultancy services to the Group of £40k (2017: £36k) as well as charging nil (2017: £16k) for the reimbursement of travel expenses. There were no outstanding year end expenses.

[2] Mr Alan Warren, a Trustee of A&A Electrical Distributors Ltd Retirement Benefit Scheme and director of Dewhurst plc, rented premises to A&A Electrical Distributors Ltd for the 4 months to September 2018 for £73k (2017:nil). The annual rent amounts to £220k which is paid quarterly in advance.

Note 24 Financial instruments

The Group's policies towards using financial instruments to manage interest rate, liquidity and currency exposure risks are explained in the financial review on page 11. The Group defines capital as total equity plus net debt. The objective is to maintain a strong and efficient capital base to support the Group's strategic objectives, provide optimal returns for shareholders and safeguard the Group's assets and status as a going concern. The Group is not subject to externally imposed capital requirements.

Credit risk The Group is mainly exposed to credit risk from credit sales. It is Group policy, implemented locally, to assess the credit risk of new customers before entering contracts. Such credit ratings, taking into account local business practices, are then factored into any contracts. Credit risk also extends to the banks utilised by the Group. The majority of cash deposits were held by the RBS NatWest bank £2.7 million (2017: £4.2 million) and the Santander bank – £2.6 million (2017: £8.7 million) at the year end and these banks' credit ratings (long term) with Standard & Poor were A– & A respectively.

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

Foreign exchange contracts Apart from the previously reported foreign exchange contract that matured on 4 October 2017 the Group did not use forward contract derivatives to manage credit risk during the year.

Currency and interest rate exposure of financial assets and liabilities The cash and cash equivalent amount of £9,440k (2017: £18,087k) is made up of cash of £9,440k (2017: £9,387k) and short-term deposits of nil (2017: £8,700k). The cash was invested at overnight rates based on the relevant national LIBOR. Up to 2 Jan 2018 some short-term deposits were on 95 days notice at an average yearly rate of 0.80% (2017: 1.05%). Of the cash, £5,326k (2017: £12,650k) is denominated in GB Pounds with the balance of £4,114k (2017: £5,437k) held in foreign currencies. Other financial assets and liabilities do not attract interest.

				The Group				The Company
Currency and interest profile	Floating rate assets £(000)	Fixed rate assets £(000)	Interest free assets £(000)	Interest free liabilities £(000)	Floating rate assets £(000)	Fixed rate assets £(000)	Interest free assets £(000)	Interest free liabilities £(000)
GB Pounds	3,950	8,700	3,112	1,105	1,449	8,700	1	–
AUS Dollars	2,457	–	2,318	384	68	–	–	–
US Dollars	637	–	2,229	357	11	–	–	–
CAN Dollars	2,085	–	1,781	127	–	–	–	–
Other	258	–	189	173	–	–	–	–
At 30 September 2017	9,387	8,700	9,629	2,146	1,528	8,700	1	–
GB Pounds	**5,326**	**–**	**5,010**	**1,552**	**3,039**	**–**	**–**	**15**
AUS Dollars	**1,728**	**–**	**3,117**	**467**	**–**	**–**	**–**	**–**
US Dollars	**738**	**–**	**3,105**	**410**	**–**	**–**	**–**	**–**
CAN Dollars	**1,358**	**–**	**1,660**	**128**	**–**	**–**	**–**	**–**
Other	**290**	**–**	**159**	**204**	**–**	**–**	**–**	**–**
At 30 September 2018	**9,440**	**–**	**13,051**	**2,761**	**3,039**	**–**	**–**	**15**

The only operations that hold material monetary assets and liabilities in currencies other than their functional currency are Dupar Control Inc, Dewhurst (Hungary) Kft and Dewhurst Middle East. Dupar holds trade receivables denominated in US Dollars with a balance of £378k (2017: £168k), Dewhurst (Hungary) Kft holds trade receivables denominated in US Dollars with a balance of £2,092k (2017: £1,467k) and trade payables denominated in Euros with a balance of £189k (2017: £131k) and Dewhurst Middle East holds trade receivables denominated in US Dollars with a balance of £167k (2017: nil).

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

Bank facilities The Group has no undrawn committed bank overdraft facility (2017: no facility).

Note 25 Investments – shares in subsidiary undertakings

On 2 June 2018, Dewhurst plc entered into an agreement to acquire the entire issued share capital of A&A Electrical Distributors Limited ('A&A') for an initial cash consideration of £9.5 million plus a deferred consideration based on profits generated over the next two years. On top of the £9.5 million, Dewhurst plc also loaned the newly acquired company A&A £1.0 million to repay a debt it had with A&A Woodford Ltd, an associate company in the previous A&A Group.

Details of the transaction:	**Notes**	Book value £(000)	**Fair value £(000)**
Non-Current assets:			
Goodwill	10	–	**4,299**
Intangibles	11	–	**5,000**
Property, plant and equipment	12	125	**125**
Current assets:			
Inventory		866	**1,092**
Current liabilities:			
Creditors		(16)	**(16)**
Loan creditor		(975)	**(975)**
Total value of assets acquired		–	**9,525**

The goodwill and intangibles at A&A arose as a result of the Dewhurst Group investing in the UK lift and electrical distribution industry. This Acquisition provides an exciting opportunity for A&A and the Dewhurst group to expand its services to the lift industry both in the UK and other overseas markets. The Acquisition is in line with Dewhurst's strategy of providing a broad range of high quality products and services to the lift industry and will be a significant member of the new enlarged Group.

Cash flows

The net outflow of cash arising from acquisition was as follows:	**£(000)**
Cash consideration to old owners	9,525
Repayment of loan to A&A Woodford Ltd	975
Cash paid in respect of acquisition of A&A Electrical Distributors Ltd	**10,500**

Since the acquisition date, A&A has contributed £3.9 million of sales and £0.9 million of profits to the Group. If the acquisition had occurred on 1 October 2017, Group turnover would have been around £62.3 million and Group operating profit for the period would have been around £8.0 million (before adjusting for any amortisation of acquired intangibles).

Note 26 Prior year adjustment

With regard to the treatment of deferred tax charges or credits resulting from the exchange differences taken to other comprehensive income previously the Group applied a tax rate of 17% as a deferred tax charge on these amounts.

A review of the requirements of International Accounting Standards 12 – Income Taxes has resulted in the removal of this blanket tax provision which the directors, following advice, now recognise is a more suitable interpretation of the requirements of the standard.

This adjustment has no cash effect and does not affect the income statement in the current year or in prior periods and only affects other comprehensive income and the movement in the translation reserve.

Translation reserve:	30 September 2017 £(000)	30 September 2016 £(000)
Translation reserve (as previously stated)	1,969	2,034
Adjustments to prior year:		
Deferred tax effect (2016 and prior)	678	678
Deferred tax effect (2017)	(18)	–
Translation reserve (as adjusted)	2,629	2,712

Company financial statements

Company statement of changes in equity

For the year ended 30 September 2018	Share capital £(000)	Share premium account £(000)	Capital redemption reserve £(000)	Retained earnings £(000)	Total equity £(000)
At 30 September 2016	847	157	290	5,889	7,183
Share repurchase	(5)	–	5	(217)	(217)
Actuarial gains/(losses) on defined benefit pension scheme	–	–	–	3,672	3,672
Deferred tax effect	–	–	–	(624)	(624)
Dividends paid	–	–	–	(970)	(970)
Profit for the year	–	–	–	2,786	2,786
At 30 September 2017	**842**	**157**	**295**	**10,536**	**11,830**
Actuarial gains/(losses) on defined benefit pension scheme	**–**	**–**	**–**	**3,080**	**3,080**
Deferred tax effect	**–**	**–**	**–**	**(524)**	**(524)**
Dividends paid	**–**	**–**	**–**	**(1,011)**	**(1,011)**
Profit for the year	**–**	**–**	**–**	**5,321**	**5,321**
At 30 September 2018	**842**	**157**	**295**	**17,402**	**18,696**

The notes on pages 20–37 form part of these financial statements

Company statement of financial position

At 30 September 2018	Notes	2018 £(000)	2017 £(000)
Non-current assets			
Property, plant and equipment	12	**5,329**	5,452
Deferred tax asset	19	**1,297**	1,998
Investments in subsidiaries	13	**14,466**	4,941
		21,092	12,391
Current assets			
Trade and other receivables	15	**2,573**	1,367
Cash and cash equivalents	16	**3,039**	10,229
		5,612	11,596
Total assets		**26,704**	23,987
Current liabilities			
Trade and other payables	17	**380**	406
		380	406
Non-current liabilities			
Retirement benefit obligation	21	**7,628**	11,751
Total liabilities		**8,008**	12,157
Net assets		**18,696**	11,830
Equity			
Share capital	20	**842**	842
Share premium account		**157**	157
Capital redemption reserve		**295**	295
Retained earnings		**17,402**	10,536
Total equity		**18,696**	11,830

The financial statements were approved by the board of directors and authorised for issue on 5 December 2018 and were signed on its behalf by:

Richard Dewhurst Chairman **Jared Sinclair** Finance Director

Company Registration Number: 160314

The notes on pages 20–37 form part of these financial statements

Company cash flow statement

For the year ended 30 September 2018	Notes	2018 £(000)	2017 £(000)
Cash flows from operating activities			
Operating profit /(loss)		**829**	474
Depreciation and amortisation		**123**	126
Contributions to pension scheme, net of administration fee		**(1,331)**	(1,343)
		(379)	(743)
(Increase)/decrease in trade and other receivables		**(1,206)**	1,104
Increase/(decrease) in trade and other payables		**(26)**	(5)
Cash generated from /(used in) operations		**(1,611)**	356
Income tax paid		**(74)**	(2)
Net cash from/(used in) operating activities		**(1,685)**	354
Cash flows from investing activities			
Acquisition of business and assets	25	**(9,525)**	(933)
Interest received		**82**	143
Dividends received		**4,949**	2,725
Net cash generated from/(used in) investing activities		**(4,494)**	1,935
Cash flows from financing activities			
Dividends paid		**(1,011)**	(970)
Purchase of own shares		**–**	(217)
Net cash used in financing activities		**(1,011)**	(1,187)
Net increase/(decrease) in cash and cash equivalents		**(7,190)**	1,102
Cash and cash equivalents at beginning of year	16	**10,229**	9,127
Cash and cash equivalents at end of year	16	**3,039**	10,229

The notes on pages 20–37 form part of these financial statements

Report of the independent auditor

Independent auditor's report to the members of Dewhurst plc for the year ended 30 September 2018

Opinion

We have audited the financial statements of Dewhurst Plc (the 'Company') and its subsidiaries (the 'Group') for the period ended 30 September 2018 which comprise the consolidated statement of income and other comprehensive income, the consolidated and parent Company statements of financial position, the consolidated and parent Company statements of cash flows, the consolidated and parent Company statements of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent Company financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 September 2018 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with IFRS's as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Our audit approach

Overview

Key audit matters

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

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

These are explained in more detail below.

Audit scope

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

Key audit matters

Key audit matter	How our audit addressed the key audit matter
Revenue recognition The Group has 3 main income sources: lift components, transport and keypad sales. The group had a total turnover of £54,510,000 for the year to 30 September 2018. There are risks due to completeness of income and cut off of revenue at the period end.	We understood that each component of the group had a specific specialisation and focused its sales on its target market. We performed substantive tests to validate the revenue transactions. In addition, we performed cut-off tests to check that items were recorded in the appropriate period. We tested the inventory movement, ownership at the period end, deferred revenue and work in progress. We reviewed post year end credit notes to check if there was any material post year end adjustment that related to the period. In addition, we checked the provisioning for slow paying debts and warranty provisions made.
Inventory Provisioning The Group held £6,279,000 of inventory as at 30 September 2018. There are key assumptions that drive the inventory provision including the ability to sell older inventory and the realisable value that will be achieved on sale. A provision for items looking to be sold off at below cost and a provision for aged items which there is a concern may ultimately be sold at below cost. The Group provides against 30% of the stock value where an item has no significant movement in the year; and, provides 100% against stock which has not moved during the period.	We understood the methodology used to calculate the inventory provision and determined it was consistent with that applied in the prior year. We tested the reasonableness of the Group inventory provision. We attended the year end stocktakes and tested sheet to floor and vice versa to agree stock counts. We compared a sample of inventory items at the reporting date to the purchase cost and compared this with sales made around the reporting period or after the year end. For samples which were components, we traced the item to the bill of materials for the finished good and compared the total sales price to the total purchase cost. We reconciled the inventory values used in the provision to the general ledger. We reviewed the calculations and determined that the policy was correctly applied.
Investments/Intangibles carrying value and Company loans to subsidiaries The Company has investments of £14,466,000 (2017: £4,941,000). The group had Goodwill and Intangible assets of £13,108,000 (2017: 4,673,000). The Company has amounts due from Group companies of £2,475,000 (2017: £1,327,000). The directors have confirmed these loans are fully recoverable. Management have performed impairment reviews and have exercised judgement as to the recovery of these investments and amounts due.	We reviewed the carrying value of the investments and intangible assets and the loans to fellow subsidiaries. The review considered the current position of the subsidiaries, the future outlook and forecasts prepared by management. We reviewed the subsidiary accounts and forecasts and have assessed the financial position of each subsidiary. We have also discussed the budgets and forecasts as part of the going concern review and to consider whether we believed any investment was impaired. We considered the loans held by group entities and their ability to service those loans. We assessed the impairment reviews performed by management.

Key audit matter	How our audit addressed the key audit matter
	The analysis work undertaken by the Directors shows that the Group is expected to remain cash generative and profitable based on current trading trends. We have assessed and understood the methodology and assumptions used by the Directors in their analysis and determined it to be reasonable. As the majority of the intangibles relates to the acquisition of A&A Electrical Distributors Ltd during the year we performed sensitivity analysis on the forecasts to check that the values arrived at could be supported by a range of performance outcomes that could be expected from the company.
Carrying value of the retirement benefit obligation There is a risk that the retirement benefit obligation amounting to £7,628,000 (2017: £11,751,000) and before deferred tax adjustment, has been incorrectly stated.	Audit procedures were designed to ensure that reliance could be placed on the expert actuary. Additional procedures were designed to ensure that the calculations used were reasonable and that they were properly extracted from the report prepared by the actuary and presented in the consolidated financial statements.
Accounting for the in-year acquisition of A&A Electrical Distributors Ltd On 2 June 2018, Dewhurst Plc acquired the assets and business of A&A Electrical Distributors Ltd for a consideration of £10,500,000. This was a significant acquisition for the group and resulted in the recognition of £4,299,000 of goodwill and intangible assets of £5,000,000. Judgement has been applied by management in determining these amounts. Management are required to determine the fair value of the acquired assets and liabilities, including intangibles. The key assumptions in valuing the intangible assets include the selection of valuation methodology, and forecast cash flows. In respect of this acquisition, we identified the key risk as the valuation of acquired intangible assets.	We obtained the signed contractual agreements relating to the acquisition and read significant contract terms relevant to the accounting and disclosures in the financial statements. We corroborated the underlying information and substantively tested the accounting entries and supporting workings and evidence relating to the accounting for the assets and liabilities acquired. We evaluated the methodology and tested the mathematical accuracy of the calculations of the acquisition for the fair value of the consideration paid and the fair value of the assets and liabilities acquired. We reviewed the valuation of stock by the group and checked the accuracy and valuation of stock on acquisition.

Our application of materiality

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

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

Report of the independent auditor

Group financial statements	Company financial statements
Overall materiality £545,000 (30 September 2017: £1,249,000).	£118,000 (30 September 2017: £159,000).
How we determined it A benchmark of 1% of turnover was used to determine the materiality for the Group (2017: 4% of net assets).	A benchmark of 1% of net assets.
Rationale for benchmark applied We believe that for our first year of audit, it was more appropriate to use turnover of the group as the appropriate benchmark. This is considered an appropriate and accepted auditing benchmark.	We believe that using the net asset benchmark for the parent company is an appropriate and accepted auditing benchmark.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between £118,000 and £27,250.

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above £27,250 being 5% of Group financial materiality as a whole, as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

An overview of the scope of our audit

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

How we tailored the audit scope

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

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

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

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

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

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 15, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Other matters which we are required to address

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

Our audit opinion is consistent with the additional report to the audit committee.

Use of this report

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

Jonathan Isaacs
Senior Statutory Auditor

For and on behalf of Jeffreys Henry LLP
Statutory Auditors

Finsgate
5–7 Cranwood Street
London EC1V 9EE

5 December 2018

Notice of meeting

Notice is hereby given that the ninety ninth Annual General Meeting of Dewhurst plc will be held at its registered office, Unit 9, Hampton Business Park, Hampton Road West, Feltham, TW13 6DB on 5 February 2019 at 11:00 am. The meeting will be held in order to consider and, if thought fit, pass resolutions 1 to 7 as ordinary resolutions.

Ordinary resolutions

1 To receive and adopt the statement of accounts for the year ended 30 September 2018 and the reports of the directors and auditor thereon.

2 To declare and approve a final dividend on the Ordinary and 'A' non-voting ordinary shares to shareholders on the register of members on 18 January 2019.

3 To re-elect as a director Mr R Young, who retires by rotation under the Articles of Association.

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

5 To re-elect as a director Mr A Warren, who retires by rotation under the Articles of Association.

6 To re-appoint Jeffreys Henry LLP as auditor at a fee to be agreed by the directors.

7 As special business to consider and, if thought fit, pass the following ordinary resolution: that the company be and is hereby generally and unconditionally authorised to make market purchases (within the meaning of section 693(4) of the Companies Act 2006) of up to an aggregate of 496,380 Ordinary shares and 767,355 'A' non-voting ordinary shares of 10p each (representing 15% of the issued share capital) in the company at a price per share (exclusive of expenses) of not less than 10p and not more than 105% of the average of the middle market quotations for such Ordinary and 'A' non-voting ordinary shares, as derived from the Stock Exchange Daily Official List, for the ten dealing days immediately preceding the day of the purchase; such authority to expire at the conclusion of the Annual General Meeting to be held in 2020 save that the company may purchase shares at any later date where such purchase is pursuant to any contract made by the company before the expiry of this authority.

8 To transact any other ordinary business of the company.

By order of the board

Jared Sinclair
Secretary

31 December 2018

Notes

1 All Shareholders who wish to attend and vote at the meeting must be entered on the company's register of members no later than 11:00 am on 3 February 2019 (being 48 hours prior to the time fixed for the meeting) or, in the case of an adjournment, as at 48 hours prior to the time of the adjourned meeting. Changes to entries on the register after that time will be disregarded in determining the rights of any person to attend or vote at the meeting. **'A' non-voting ordinary shares do not carry the right to attend or vote at meetings of the company**.

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

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

4 The company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those holders of Ordinary Shares registered in the register of members of the company at 11:00 am on 3 February 2019 (being 48 hours prior to the time fixed for the meeting) shall be entitled to attend and vote at the Annual General Meeting in respect of such number of shares registered in their name at that time. Changes to entries in the register of members after that time shall be disregarded in determining the rights of any person to attend or vote at the meeting.

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

Group companies

HEAD OFFICE

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OTHER OVERSEAS REPRESENTATION

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

Advisers and company information

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Statutory Auditor
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