

REGISTERED NUMBER: 05234475 (England and Wales)

Financial Statements

for the Year Ended

31 August 2020

for

Group Rhodes Limited



Group Rhodes Limited (Registered number: 05234475)

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for the Year Ended 31 August 2020**

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Group Rhodes Limited

**Company Information
for the Year Ended 31 August 2020**

DIRECTORS: C M Ridgway OBE DL
A Cooper
R Chandrasekaran
J D Gascoigne
C I Ridgway

SECRETARY: C M Ridgway OBE DL

REGISTERED OFFICE: Unit 21, Greens Industrial Park
Calder Vale Road
Wakefield
West Yorkshire
WF1 5PE

REGISTERED NUMBER: 05234475 (England and Wales)

AUDITORS: Kirk Newsholme
Chartered Accountants and Statutory Auditors
4315 Park Approach
Thorpe Park
Leeds
West Yorkshire
LS15 8GB

Group Rhodes Limited (Registered number: 05234475)

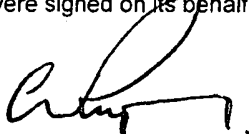
**Balance Sheet
31 August 2020**

	Notes	2020 £	2019 £
FIXED ASSETS			
Intangible assets	4	24,475	27,775
Tangible assets	5	614,805	703,464
Investments	6	1,205	1,205
		<u>640,485</u>	<u>732,444</u>
CURRENT ASSETS			
Debtors	7	1,561,971	771,507
Cash at bank and in hand		150,962	31,082
		<u>1,712,933</u>	<u>802,589</u>
CREDITORS			
Amounts falling due within one year	8	948,274	1,110,199
NET CURRENT ASSETS/(LIABILITIES)		<u>764,659</u>	<u>(307,610)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,405,144</u>	<u>424,834</u>
CREDITORS			
Amounts falling due after more than one year	9	(1,215,470)	(271,160)
PROVISIONS FOR LIABILITIES		<u>(58,139)</u>	<u>(62,746)</u>
NET ASSETS		<u><u>131,535</u></u>	<u><u>90,928</u></u>
CAPITAL AND RESERVES			
Called up share capital	11	1,203	1,203
Retained earnings		130,332	89,725
SHAREHOLDERS' FUNDS		<u><u>131,535</u></u>	<u><u>90,928</u></u>

The financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

In accordance with Section 444 of the Companies Act 2006, the Profit and Loss Account has not been delivered.

The financial statements were approved by the Board of Directors and authorised for issue on 18 May 2021 and were signed on its behalf by:



C M Ridgway OBE DL - Director

The notes form part of these financial statements

**Notes to the Financial Statements
for the Year Ended 31 August 2020**

1. STATUTORY INFORMATION

Group Rhodes Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in UK and Republic of Ireland" and the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS102 have been applied other than where additional disclosure is required to give a true and fair view.

The financial statements have been prepared under the historical cost convention.

The functional and presentational currency of the company is considered to be pounds sterling.

Going concern

The financial statements have been prepared using the going concern basis.

Over the past year, the directors have taken a number of actions to mitigate the impact of the Covid-19 pandemic. The company has focused on protecting the workforce to ensure that they are fit and healthy and continues to operate efficiently to provide a world class service to customers at home and overseas. Together with its group undertakings, the company has implemented Covid-secure working practices, closely managed its overheads and taken advantage of a number of Government funding and support packages.

The measures taken to date have put the company in a good position as market confidence returns and economic conditions continue to improve, as evidenced by a good order book and strong pipeline of sales opportunities. The directors have prepared projections covering the period to 31 August 2022 which show that the company and the wider group should have sufficient headroom in its existing facilities. Therefore, though uncertainties surrounding the Covid-19 pandemic remain, the directors consider it appropriate to prepare the financial statements on a going concern basis.

Preparation of consolidated financial statements

The financial statements contain information about Group Rhodes Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company has taken the option under Section 399 of the Companies Act 2006 not to prepare consolidated financial statements.

Turnover

Turnover comprises the value of services provided to subsidiary undertakings, excluding value added tax and is recognised as invoices are raised.

Rental income

Rental income is recognised over the term of the lease. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Intangible assets

Intangible assets, which relate to purchased intellectual property rights, are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets are being amortised evenly over their estimate useful life of 10 years.

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2020**

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Tangible fixed assets are stated at purchase cost together with any incidental expenses of acquisition, net of depreciation and any provision for impairment.

Depreciation is provided on all tangible assets, at rates calculated to write off the cost less estimated residual value of each asset on a straight line basis over its expected useful life.

Leasehold improvements	over the period of the lease
Plant and machinery	10% - 25% straight line

Residual value represents the estimated amount which would currently be obtained from disposal of an asset after deducting estimated costs of disposal, if the asset were already at an age and in the condition expected at the end of its estimated useful life.

The need for any fixed asset impairment write down is assessed by comparison of the carrying value of the assets against the higher of realisable value and value in use.

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

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost, less impairment.

Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

The following assets and liabilities are classified as basic financial instruments - trade debtors, cash and bank balances, bank loans, trade creditors, other creditors and inter-company balances.

Trade debtors, cash and bank balances, trade creditors, other creditors and inter-company balances (being repayable on demand) are measured at the amortised cost equivalent to the undiscounted amount of cash or other consideration expected to be paid or received.

Bank loans are initially measured at the present value of future payments, discounted at a market rate of interest and subsequently measured at amortised cost using the effective interest method.

Taxation

Current tax, including UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Notes to the Financial Statements - continued
for the Year Ended 31 August 2020

2. ACCOUNTING POLICIES - continued

Taxation continued

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to the reversal of the timing difference.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are recognised in the profit and loss account.

Leasing commitments

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

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

Retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

Government grants

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

Impairment of assets

Assets are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit and loss as described below.

Non financial assets

An asset is impaired when there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Financial assets

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had impairment not been recognised.

Notes to the Financial Statements - continued
for the Year Ended 31 August 2020

2. ACCOUNTING POLICIES - continued

Critical accounting judgements and sources of estimation uncertainty

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The critical judgements that the directors have made in applying the company's accounting policies and the key sources of estimation uncertainty that have had the most significant effect on the amounts recognised in the financial statements are described below:

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

3. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 17 (2019 - 18).

4. INTANGIBLE FIXED ASSETS

	Other intangible assets £
COST	
At 1 September 2019 and 31 August 2020	33,000
AMORTISATION	
At 1 September 2019	5,225
Charge for year	3,300
At 31 August 2020	8,525
NET BOOK VALUE	
At 31 August 2020	24,475
At 31 August 2019	27,775

Notes to the Financial Statements - continued
for the Year Ended 31 August 2020

5. TANGIBLE FIXED ASSETS

	Leasehold improvements £	Plant and machinery etc £	Totals £
COST			
At 1 September 2019	461,645	383,684	845,329
Disposals	-	(1,300)	(1,300)
At 31 August 2020	<u>461,645</u>	<u>382,384</u>	<u>844,029</u>
DEPRECIATION			
At 1 September 2019	75,479	66,386	141,865
Charge for year	46,165	41,763	87,928
Eliminated on disposal	-	(569)	(569)
At 31 August 2020	<u>121,644</u>	<u>107,580</u>	<u>229,224</u>
NET BOOK VALUE			
At 31 August 2020	<u>340,001</u>	<u>274,804</u>	<u>614,805</u>
At 31 August 2019	<u>386,166</u>	<u>317,298</u>	<u>703,464</u>

6. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 September 2019 and 31 August 2020	<u>1,205</u>
NET BOOK VALUE	
At 31 August 2020	<u>1,205</u>
At 31 August 2019	<u>1,205</u>

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Trade debtors	2,400	9,902
Amounts owed by group undertakings	1,373,031	646,651
Other debtors	186,540	114,954
	<u>1,561,971</u>	<u>771,507</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Bank loans and overdrafts	79,969	87,179
Trade creditors	131,258	152,743
Taxation and social security	147,801	337,711
Other creditors	589,246	532,566
	<u>948,274</u>	<u>1,110,199</u>

Notes to the Financial Statements - continued
for the Year Ended 31 August 2020

9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2020 £	2019 £
Bank loans	<u>1,215,470</u>	<u>271,160</u>
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans due after more than 5 years	<u>133,344</u>	<u>-</u>

Bank loans are secured by a fixed and floating charge over the assets and undertakings of the company and the group by way of cross guarantee and by a personal guarantee of a director for liabilities limited to £100,000 in respect of one of the bank loans.

10. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2020 £	2019 £
Within one year	230,506	261,841
Between one and five years	1,123,968	1,123,673
In more than five years	297,364	520,387
	<u>1,651,838</u>	<u>1,905,901</u>

11. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2020 £	2019 £
120,300	Ordinary	£0.01	<u>1,203</u>	<u>1,203</u>

12. DISCLOSURE UNDER SECTION 444(5B) OF THE COMPANIES ACT 2006

The Report of the Auditors was unqualified.

Neill Rayland BA FCA (Senior Statutory Auditor)
for and on behalf of Kirk Newsholme

13. CONTINGENT LIABILITIES

The company is part of a composite cross guarantee with its subsidiary undertakings in respect of group overdrafts and other borrowings. At 31 August 2020 these borrowings amounted to £nil (2019 - £nil).

14. RELATED PARTY DISCLOSURES

A director has given a capped guarantee of £100,000 in respect of one of the company's bank loans.

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2020**

15. POST BALANCE SHEET EVENTS

Subsequent to the year end the company subscribed for 300,000 Ordinary £1 shares in its subsidiary undertaking Hallamshire Engineering Services Limited for £300,000. This has increased investment in group undertakings and reduced amounts owed by group undertakings by £300,000.

16. SHARE-BASED PAYMENT TRANSACTIONS

In a prior year options were granted by the Group Rhodes Share Option Plan using the Enterprise Management Incentive scheme. The options granted give rights to certain directors to acquire 34,926 new Ordinary Shares of 1p each at an option price of 35p per share. The options allow for 1/5th of the shares to be exercised each year for five years following the grant of the options on 7 September 2017.