

FRANKHAM BROS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

FRANKHAM BROS LIMITED

COMPANY INFORMATION

Directors M N Frankham (resigned 9 December 2020, appointed 9 December 2020)
S J Frankham (resigned 9 December 2020)
J Whitfield (appointed 9 December 2020)
S Ling (appointed 9 December 2020)
K Rayment (appointed 9 December 2020)
G Doy (appointed 9 December 2020)
P Raybould (appointed 9 December 2020)
M Measey (appointed 9 December 2020)

Company secretary M N Frankham (resigned 9 December 2020)

Registered number 00741434

Registered office Main Building Wharf Way
Glen Parva
Leicester
LE2 9TF

Independent auditors MHA MacIntyre Hudson
Chartered Accountants & Statutory Auditors
11 Merus Court
Meridian Business Park
Leicester
LE19 1RJ

Bankers National Westminster Bank Plc
1 Granby Street
Leicester
LE1 6EJ

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**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

The directors present their strategic report on the Company for the year ended 31 December 2019.

Introduction

The principal activity of the Company for the year continued to be that of precision engineering and purchasing, renting and selling of properties.

Business review

The key performance indicators show that, despite a slowing of the UK economy, the business has on the whole remained stable with a modest reduction in turnover. The directors have continued to focus on maintaining market share and cost management.

Principal risks and uncertainties

The principal risks for the Company remain the underlying performance of the national economy due to Brexit and Covid-19.

Post balance sheet events

Relevant steps have been taken in order to keep the impact of Covid-19 to the Company down to a minimum. The Company has instigated the furloughing of employees where necessary under the Job Retention Scheme. Staffing reviews are completed regularly and additional furloughing of employees would be considered if required.

Although post year end we initially sustained a reduction in turnover due to some customer trade being reduced, the Company has seen a steady improvement in this throughout the year.

The Company has continued to be profitable, the Company's forecasts demonstrate continued profitability and a healthy balance sheet position after assessing the overall impact of Covid-19.

Please refer to the basis of preparation of financial statements accounting policy at 2.1.

No known additional bad debts have been identified as a result of Covid-19.

During November 2020 the investment properties, stock properties and freehold property were transferred to the parent company, Frankham Bros Holdings Limited by way of dividend in specie the sum of £3,192,058.

During November 2020 the investments in the company were also disposed for £36,000.

On 9 December 2020 the company was sold to Frankham Bros Trade Holdings Limited and the new ultimate parent company is Threesixty Holdco3 Limited.

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Financial key performance indicators

The key performance indicators of the Company are turnover, gross profit margin and net profit margin.

During the year turnover has decreased by £423,526 (-8.3%) to £4,652,134 compared to £5,075,660 in 2018.

During the year gross profit has decreased by £138,139 (-9.1%) to £1,370,487 compared to £1,508,626 in 2018.

During the year net profit has decreased by £1,555,150 (-222.6%) to (£856,510) compared to £698,640 (restated) in 2018.

In the year there was an exceptional item which was for £1,400,000 intercompany loan write off. If this one off transaction is taken into account the KPI for net profit margin is more realistic:-

After the above adjustment net profit for the year has decreased by £155,150 (-22.2%) to £543,490 compared to £698,640 (restated) in 2018.

Other key performance indicators

The non financial key performance indicators of the Company are compliance with environmental and employee matters. The Company had no instances of non compliance during the period.

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

.....
M N Frankham

Director

Date: 24 December 2020

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

The directors present their report and the financial statements for the year ended 31 December 2019.

Results and dividends

The loss for the year, after taxation, amounted to £856,510 (2018 - profit restated £698,640).

During the year the directors recommended dividends amounting to £142,000 (2018 - £110,000).

Directors

The directors who served during the year were:

M N Frankham (resigned 9 December 2020, appointed 9 December 2020)

S J Frankham (resigned 9 December 2020)

Future developments

The directors are confident that with continued investment and strong customer relationships, further growth can be achieved in the coming year.

Disclosure of information to auditors

Each person who is a director at the time when this Directors' Report is approved has confirmed that:

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

Post balance sheet events

Relevant steps have been taken in order to keep the impact of Covid 19 down to a minimum. The Company has utilised the Job Retention Scheme where necessary and appropriate safeguarding measures have been taken in line with government guidelines for those employees still working.

Although initially the Company sustained a reduction in turnover, this is now starting to return. The directors have reviewed their forecasts and cash balances as well as expected future trade with suppliers and customers. The directors are confident that the Company will be able to continue to trade for the foreseeable future.

After reviewing the Company's forecasts and projections, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial information.

No known additional bad debts have been identified as a result of Covid-19.

Please refer to the basis of preparation of financial statements accounting policy at note 2.1 for further information.

During November 2020 the investment properties, stock properties and freehold property were transferred to the parent company, Frankham Bros Holdings Limited by way of dividend in specie of £3,192,058.

During November 2020 the investments in the company were also disposed of for £36,000.

On 9 December 2020 the company was sold to Frankham Bros Trade Holdings Limited and the new ultimate parent company is Threesixty Holdco3 Limited. See note 26.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Auditors

The auditors, MHA MacIntyre Hudson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

.....
M N Frankham

Director

Date:

Wharf Way

Glen Parva

Leicester

LE2 9TF24 December 2020

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FRANKHAM BROS LIMITED

Opinion

We have audited the financial statements of Frankham Bros Limited (the 'Company') for the year ended 31 December 2019, which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' 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 United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The 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 Auditors' 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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FRANKHAM BROS LIMITED (CONTINUED)

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.

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 4, 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FRANKHAM BROS LIMITED (CONTINUED)

Auditors' 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 Auditors' 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 Auditors' Report.

Use of our report

This report is made solely to the Company's members 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 Auditors' 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 for our audit work, for this report, or for the opinions we have formed.

Shelley Harvey FCCA (Senior Statutory Auditor)

for and on behalf of

MHA MacIntyre Hudson

Chartered Accountants
Statutory Auditors

11 Merus Court
Meridian Business Park
Leicester
LE19 1RJ

Date: 24 December 2020

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £	As restated 2018 £
Turnover	4	4,652,134	5,075,660
Cost of sales		(3,281,647)	(3,567,034)
Gross profit		1,370,487	1,508,626
Distribution costs		(197,952)	(234,570)
Administrative expenses		(691,579)	(624,891)
Other operating income	5	199,903	218,921
Exceptional other operating charges	13	(1,400,000)	-
Operating (loss)/profit		(719,141)	868,086
Interest receivable and similar income	10	6,839	2,842
(Loss)/profit before tax		(712,302)	870,928
Tax on (loss)/profit	11	(144,208)	(172,288)
(Loss)/profit for the financial year		(856,510)	698,640

There were no recognised gains and losses for 2019 or 2018 other than those included in the Profit and Loss Account.

There was no other comprehensive income for 2019 (2018 - £Nil).

The notes on pages 12 to 29 form part of these financial statements.

BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	£	2019 £	£	As restated 2018 £
Fixed assets					
Tangible assets	14		1,260,009		1,268,560
Investment property	16		1,735,390		1,735,390
			<u>2,995,399</u>		<u>3,003,950</u>
Current assets					
Stocks	17	1,202,069		1,252,723	
Debtors: amounts falling due within one year	18	793,808		2,443,465	
Current asset investments	19	36,000		36,000	
Cash at bank and in hand		2,068,501		1,477,807	
			<u>4,100,378</u>	<u>5,209,995</u>	
Current Liabilities					
Creditors: amounts falling due within one year	20	(655,059)		(788,207)	
			<u>3,445,319</u>	<u>4,421,788</u>	
Net current assets					
			<u>6,440,718</u>	<u>7,425,738</u>	
Total assets less current liabilities					
Provisions for liabilities					
Deferred tax	21	(359,652)		(346,162)	
			<u>(359,652)</u>	<u>(346,162)</u>	
Net assets			<u>6,081,066</u>	<u>7,079,576</u>	
Capital and reserves					
Called up share capital	22		23,000		23,000
Share premium account			760,697		760,697
Revaluation reserve			1,275,579		1,275,579
Other reserves			5,734		5,734
Profit and loss account			4,016,056		5,014,566
			<u>6,081,066</u>	<u>7,079,576</u>	

FRANKHAM BROS LIMITED
REGISTERED NUMBER: 00741434

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2019

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

.....
M N Frankham
Director

Date: 24 December 2020

The notes on pages 12 to 29 form part of these financial statements.

FRANKHAM BROS LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital £	Share premium account £	evaluation reserve £	Other reserves £	Profit and loss account £	Total equity £
At 1 January 2018 as restated	23,000	760,697	1,275,579	5,734	4,425,926	6,490,936
Profit for the year as restated	-	-	-	-	698,640	698,640
Dividends: Equity capital	-	-	-	-	(110,000)	(110,000)
At 1 January 2019 as restated	23,000	760,697	1,275,579	5,734	5,014,566	7,079,576
Loss for the year	-	-	-	-	(856,510)	(856,510)
Dividends: Equity capital	-	-	-	-	(142,000)	(142,000)
At 31 December 2019	<u>23,000</u>	<u>760,697</u>	<u>1,275,579</u>	<u>5,734</u>	<u>4,016,056</u>	<u>6,081,066</u>

The notes on pages 12 to 29 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. General information

Frankham Bros Limited is a private company, limited by shares, domiciled in England and Wales, registration number 00741434. The registered office is Wharf Way, Glen Parva, Leicester, LE2 9TF.

The principal activity of the Company for the year continued to be that of precision engineering and purchasing, renting and selling of properties.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The Company's functional and presentational currency is British Pound Sterling (£).

The directors have taken the relevant steps in order to minimise the impact of Covid-19 and to ensure the Company remains a going concern. The Company was profitable post year end and has maintained a healthy cash position, utilising the government assistance available. The directors have reviewed their going concern assessment and, based on Company forecasts, projections, current trade performance and working capital, are confident that the Company will be able to continue to trade for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Frankham Bros Holdings Limited as at 31 December 2019 and these financial statements may be obtained from Wharf Way, Glen Parva, Leicester, LE2 9TF.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

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

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided, measured as the sum of costs incurred on the jobs that have not been complete at the year end, when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.4 Operating leases: the Company as lessor

Rentals income from operating leases is credited to the Profit and Loss Account on a straight line basis over the term of the relevant lease.

Amounts paid and payable as an incentive to sign an operating lease are recognised as a reduction to income over the lease term on a straight line basis, unless another systematic basis is representative of the time pattern over which the lessor's benefit from the leased asset is diminished.

2.5 Operating leases: the Company as lessee

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.6 Interest income

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

2.7 Finance costs

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

2.8 Pensions

Defined contribution pension plan

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

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

2.9 Current and deferred taxation

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

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

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

2.10 Exceptional items

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)**2.11 Tangible fixed assets**

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

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on the following assets.

Depreciation is provided on the following basis:

Freehold property	-	2%	straight line
Plant and machinery	-	15%	reducing balance
Motor vehicles	-	25%	reducing balance
Fixtures and fittings	-	10%	reducing balance

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

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

2.12 Investment property

Investment property is carried at fair value determined annually by the directors and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Profit and Loss Account.

2.13 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.14 Stocks

Stock includes properties held for sale, work in progress, finished goods and goods for resale. Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads. The housing stock are held at the lower of net realisable value or cost plus associated purchase and renovation costs.

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

2.15 Debtors

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

2.16 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.17 Creditors

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.18 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is British Pound Sterling (£).

Transactions and balances

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

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

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

2.19 Provisions for liabilities

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

Provisions are charged as an expense to the Profit and Loss Account in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.20 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.20 Financial instruments (continued)

measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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

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

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

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

2.21 Dividends

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Useful economic lives of tangible fixed assets

The annual depreciation charge for tangible fixed 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 reassessed 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.

(ii) Work in progress

The Company estimates work in progress on the basis of the level of hours worked at the year end that have not already been invoiced. A fixed percentage is applied to the total expected job costs of each job based on the level of completion assessed to determine the value of work in progress. The percentages applied are reassessed annually.

(iii) Impairment of debtors

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

4. Turnover

An analysis of turnover by class of business is as follows:

	2019 £	2018 £
Engineering sales	4,652,134	5,075,660
	<u>4,652,134</u>	<u>5,075,660</u>

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	4,398,376	4,779,786
Rest of Europe	253,758	295,874
	<u>4,652,134</u>	<u>5,075,660</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

5. Other operating income

	2019 £	2018 £
Income from solar panels	18,545	36,368
Net rents receivable	181,358	182,553
	<u>199,903</u>	<u>218,921</u>

6. Operating (loss)/profit

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

	2019 £	As restated 2018 £
Depreciation of tangible fixed assets	143,744	135,944
(Profit)/loss on sale of assets	(2,061)	5,917
Defined contribution pension cost	<u>15,533</u>	<u>10,047</u>

7. Auditors' remuneration

	2019 £	2018 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>18,000</u>	<u>15,500</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

8. Employees

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

	2019 £	2018 £
Wages and salaries	1,158,230	1,280,417
Social security costs	92,811	103,811
Cost of defined contribution scheme	15,533	10,047
	<u>1,266,574</u>	<u>1,394,275</u>

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

	2019 No.	2018 No.
Production staff	45	46
Office and management staff	7	5
Directors	2	2
	<u>54</u>	<u>53</u>

9. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	<u>42,785</u>	<u>34,229</u>

10. Interest receivable

	2019 £	2018 £
Other interest receivable	<u>6,839</u>	<u>2,842</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

11. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	130,718	154,286
	<u>130,718</u>	<u>154,286</u>
Total current tax	<u><u>130,718</u></u>	<u><u>154,286</u></u>
Deferred tax		
Origination and reversal of timing differences	13,490	18,002
	<u>13,490</u>	<u>18,002</u>
Total deferred tax	<u><u>13,490</u></u>	<u><u>18,002</u></u>
Taxation on profit on ordinary activities	<u><u>144,208</u></u>	<u><u>172,288</u></u>

Factors affecting tax charge for the year

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

	2019 £	2018 £
(Loss)/profit on ordinary activities before tax	<u>(712,302)</u>	<u>870,928</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	(135,337)	165,476
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	265,709	2,624
Capital allowances for year in excess of depreciation	(4,632)	(19,066)
Non qualifying depreciation	5,369	5,252
Qualifying profit/loss on disposal	(391)	-
Deferred tax	13,490	18,002
	<u>144,208</u>	<u>172,288</u>
Total tax charge for the year	<u><u>144,208</u></u>	<u><u>172,288</u></u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

11. Taxation (continued)

Factors that may affect future tax charges

There are no factors that may affect future tax.

12. Dividends

	2019 £	2018 £
Dividends paid on ordinary shares	<u>142,000</u>	<u>110,000</u>

13. Exceptional items

	2019 £	2018 £
Write off of intercompany debt	<u>1,400,000</u>	-
	<u>1,400,000</u>	<u>-</u>

On 12 December 2019 the directors approved the write off, of an intercompany loan in the sum of £1,400,000.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

14. Tangible fixed assets

	Freehold property	Plant and machinery	Motor vehicles	Fixtures and fittings	Total
	£	£	£	£	£
Cost					
At 1 January 2019 (as previously stated)	1,412,952	3,072,716	140,010	184,626	4,810,304
Prior Year Adjustment	(459,811)	-	-	-	(459,811)
At 1 January 2019 (as restated)	953,141	3,072,716	140,010	184,626	4,350,493
Additions	-	94,205	23,717	18,010	135,932
Disposals	-	-	(45,907)	-	(45,907)
At 31 December 2019	953,141	3,166,921	117,820	202,636	4,440,518
Depreciation					
At 1 January 2019 (as previously stated)	581,729	2,436,989	110,569	128,939	3,258,226
Prior Year Adjustment	(176,293)	-	-	-	(176,293)
At 1 January 2019 (as restated)	405,436	2,436,989	110,569	128,939	3,081,933
Charge for the year	18,754	107,293	10,457	7,240	143,744
Disposals	-	-	(45,168)	-	(45,168)
At 31 December 2019	424,190	2,544,282	75,858	136,179	3,180,509
Net book value					
At 31 December 2019	528,951	622,639	41,962	66,457	1,260,009
At 31 December 2018 (as restated)	547,705	635,727	29,441	55,687	1,268,560

15. Fixed asset investment

At the year end Frankham Bros Limited owned 100% of the Ordinary share capital of Summit Fabrications Limited, which is incorporated in England and Wales, registered number 01218051. The registered office is Wharf Way, Glen Parva, Leicester, LE2 9TF. Frankham Bros Limited has taken the exemption to produce consolidated accounts as Summit Fabrications was a dormant company during the current and prior year. The investment had nil value in the accounts at the year end. This investment was transferred to Frankham Bros Holdings Limited in November 2020.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

16. Investment property

	Freehold investment property £
Valuation	
At 1 January 2019	1,735,390
At 31 December 2019	<u><u>1,735,390</u></u>

The 2019 valuations were made by the directors, on an open market value for existing use basis.

At 31 December 2019

If the Investment properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	2019 £	2018 £
Historic cost	459,811	459,811
Accumulated depreciation	(185,797)	(176,293)
	<u><u>274,014</u></u>	<u><u>283,518</u></u>

17. Stocks

	2019 £	2018 £
Properties for resale	927,717	942,324
Work in progress	132,839	170,171
Finished goods and goods for resale	141,513	140,228
	<u><u>1,202,069</u></u>	<u><u>1,252,723</u></u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

18. Debtors

	2019 £	2018 £
Trade debtors	732,272	985,654
Amounts owed by group undertakings	-	1,400,000
Other debtors	16,013	8,023
Prepayments and accrued income	43,272	47,537
Tax recoverable	2,251	2,251
	<u>793,808</u>	<u>2,443,465</u>

19. Current asset investments

	2019 £	2018 £
Investments	<u>36,000</u>	<u>36,000</u>

20. Creditors: Amounts falling due within one year

	2019 £	2018 £
Bank overdrafts	-	263
Trade creditors	288,651	416,936
Corporation tax	130,058	156,537
Other taxation and social security	104,480	127,300
Other creditors	3,459	385
Accruals and deferred income	128,411	86,786
	<u>655,059</u>	<u>788,207</u>

Bank overdrafts of £Nil (2018 - £263) are secured against the trade and assets of the Company.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

21. Deferred taxation

	As restated 2019 £
At beginning of year	346,162
Charged to profit or loss	13,490
At end of year	<u>359,652</u>

The provision for deferred taxation is made up as follows:

	2019 £	As restated 2018 £
Accelerated capital allowances	359,652	346,162
	<u>359,652</u>	<u>346,162</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

22. Share capital

	2019	2018
	£	£
Allotted, called up and fully paid		
23,000 (2018 - 23,000) Ordinary Shares shares of £1.0 each	<u>23,000</u>	<u>23,000</u>

Each ordinary share has equal voting and distribution rights, including repayment of capital in the event of winding up.

23. Prior year adjustment

A number of commercial properties held have been moved from freehold property to investment properties. As a result of the adjustment, freehold property net book value has been reduced by £283,518, investment properties increased by £1,735,390, revaluation reserves increased by £1,275,579 and deferred tax liability has increased by £242,360, which were previously stated at £831,223, £nil, £nil and £103,802 respectively. This has led to an increase in the net assets by £1,209,512 which was previously £5,870,064.

The depreciation charge in the prior year was reduced by £8,582, this was previously £144,526 and the profit for the financial year has increased by £8,582, which was previously stated at £690,058. The profit and loss reserves brought forward at 1 January 2018 were increased by £167,711 for the reversal of historic depreciation charges and decreased by £242,360 for deferred taxation charge, a decrease of £74,649, this was previously stated at £4,500,575.

24. Commitments receivable under operating leases

At 31 December 2019 the Company had future minimum lease payments receivable under non-cancellable operating leases as follows:

	2019	2018
	£	£
Not later than 1 year	25,000	25,000
Later than 1 year and not later than 5 years	-	25,000
	<u>25,000</u>	<u>50,000</u>

25. Related party transactions

The wholly owned subsidiaries of the group are exempt from the requirements of Financial Reporting Standard 102, section 33.1A to disclose transactions.

Consultancy fees of £50,000 (2018 - £41,833) were paid to a close family member of two of the directors during the year.

No other transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 102, section 33.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

26. Post balance sheet events

On 17 November 2020 the investment properties, stock properties and freehold property were transferred to the parent company, Frankham Bros Holdings Limited by way of dividend in specie of £3,192,058.

On 17 November 2020 the investment in the subsidiary, Summit Fabrications Limited was transferred to Frankham Bros Holdings Limited, the disposal proceeds were £36,000.

On 9 December 2020 the company was sold to Frankham Bros Trade Holdings Limited and the new ultimate parent company is Threesixty Holdco3 Limited.

27. Controlling party

The parent company which prepares consolidated accounts for the smallest group of which the company is a member of is Frankham Bros Holdings Limited, the registered office for which is Wharf Way, Glen Parva, Leicester, LE2 9TF.

The ultimate parent company is Frankham Bros Holdings Limited in the current and preceding year.

The directors do not consider there to be a ultimate controlling party in the year.

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