Registration number: 02455626

Halfen Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2019

Halfen Limited

Company Information

Directors	B Davis M J Smith R Wachter
Company secretary	B Davis
Registered office	A1/A2 Portland Close Townsend Industrial Estate Houghton Regis Dunstable LU5 5AW
Bankers	Barclays Bank plc 1 Churchill Place Canary Wharf London E14 5HP
Auditor	RSM UK Audit LLP Chartered Accountants The Pinnacle 170 Midsummer Boulevard Milton Keynes MK9 1BP

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.

Principal activity
The principal activity of the company is the distribution of metal building products.

Directors of the company
The directors who held office during the year, and through to the date of this report, were as follows:

B Davis - Company secretary and director

M J Smith

R Wachter

Dividends
The directors do not recommend the payment of a dividend (2018 - £nil).

Going concern
The company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries. The balance on the company's group cash pool balance as at the balance sheet date stands at c£10m (note 18). The directors expect that such amounts that may be required to maintain liquidity will be available to draw down from this balance. The directors, having assessed the responses of the directors of the company's ultimate parent CRH plc to their enquiries, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the CRH plc group to continue as a going concern or its ability to continue with the current banking arrangements.

It is hoped that the impact on the UK construction industry of the current Covid-19 pandemic will be of limited duration and that business will quickly and substantially recover as sites re-open and projects proceed. By 2021, the industry should recover fully, but there may be ongoing restrictions which have an as yet unquantifiable impact.

After due consideration of the current balance sheet, forecast sales and recent trading performance, the directors have reached an assessment of the company's financial position, and together with the enquiries made of the directors of CRH plc, they have concluded that there is a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Important non adjusting events after the financial period
In the period after year end to the date of approval of these accounts the Covid-19 pandemic has caused major disruption to the global economy. It is hoped that the impact on the UK construction industry of the current Covid-19 pandemic will be of limited duration and that business will quickly and substantially recover as sites re-open and projects proceed. By 2021, the industry should recover fully, but there may be ongoing restrictions which have an as yet unquantifiable impact. The company continues to trade on a sound financial footing.

Disclosure of information to the auditor
Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Reappointment of auditor
RSM UK Audit LLP has indicated its willingness to continue in office and a resolution concerning its re-appointment will be submitted to the Annual General Meeting.

Small companies provision statement
This report has been prepared in accordance with the small companies regime under the Companies Act 2006.

Approved by the Board on 17.7.20 and signed on its behalf by:

....
B Davis
Company secretary and director

Halfen Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing 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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). 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 and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 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.

Independent Auditor's Report to the Members of Halfen Limited

Opinion

We have audited the financial statements of Halfen Limited (the 'company') for the year ended 31 December 2019, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement 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 their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 'Reduced Disclosure Framework' (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 profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

Independent Auditor's Report to the Members of Halfen Limited (continued)

Opinions on other matter 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has 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 Directors' Report.

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

- adequate accounting records have not been kept, 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.
- the directors were not entitled to take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities (set out 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.

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.

Independent Auditor's Report to the Members of Halfen Limited (continued)

Use of our 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.

RSM UK Audit LLP

David Olsson (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor

The Pinnacle
170 Midsummer Boulevard
Milton Keynes
MK9 1BP

Date: 20 July 2020

Halfen Limited

Profit and Loss Account for the Year Ended 31 December 2019

	Note	2019 £ 000	2018 £ 000
Turnover	4	8,247	7,892
Cost of sales		(5,095)	(4,734)
Gross profit		3,152	3,158
Distribution costs		(184)	(172)
Administrative expenses		(2,288)	(2,160)
Other operating income	5	41	42
Operating profit	7	721	868
Other interest receivable and similar income	10	65	-
Interest payable and similar charges	11	(52)	(40)
Profit before tax		734	828
Tax on profit	12	(142)	(121)
Profit for the year		592	707

The above results were derived from continuing operations.

The notes on pages 12 to 38 form an integral part of these financial statements.

Halfen Limited

Statement of Comprehensive Income for the Year Ended 31 December 2019

	Note	2019 £ 000	2018 £ 000
Profit for the year		592	707
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of post employment benefit obligations	22	(598)	427
Movement on deferred tax relating to pension deficit	12	107	(64)
		(491)	363
Total comprehensive income for the year		101	1,070

The notes on pages 12 to 38 form an integral part of these financial statements.

Halfen Limited

(Registration number: 02455626)
Balance Sheet as at 31 December 2019

	Note	2019 £ 000	2018 £ 000
Fixed assets			
Intangible assets	13	19	-
Tangible assets	15	20	16
Right of use assets	14	546	-
Deferred tax assets	12	230	180
		815	196
Current assets			
Stocks	17	266	265
Debtors	18	11,790	8,763
Cash at bank and in hand		-	2,703
		12,056	11,731
Creditors: Amounts falling due within one year			
Trade and other payables	19	(593)	(664)
Income tax liability		(186)	(173)
Current portion of long term lease liabilities	20	(190)	-
	19	(969)	(837)
Net current assets		11,087	10,894
Total assets less current liabilities		11,902	11,090
Creditors: Amounts falling due after more than one year			
Long term lease liabilities	20	(402)	-
Net assets excluding pension liability		11,500	11,090
Net pension liability	22	(1,336)	(1,027)
Net assets		10,164	10,063
Capital and reserves			
Called up share capital	23	2,255	2,255
Profit and loss account		7,909	7,808
Shareholders' funds		10,164	10,063

The financial statements were approved and authorised for issue by the Board on 17.7.20 and signed on its behalf by:

B Davis - Company secretary and director

The notes on pages 12 to 38 form an integral part of these financial statements.

Halfen Limited

Statement of Changes in Equity for the Year Ended 31 December 2019

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2019	2,255	7,808	10,063
Profit for the year	-	592	592
Other comprehensive income	-	(491)	(491)
Total comprehensive income	-	101	101
At 31 December 2019	2,255	7,909	10,164

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2018	2,255	6,738	8,993
Profit for the year	-	707	707
Other comprehensive income	-	363	363
Total comprehensive income	-	1,070	1,070
At 31 December 2018	2,255	7,808	10,063

The notes on pages 12 to 38 form an integral part of these financial statements.

1 General information

The company is a private company limited by share capital, incorporated in England and Wales and domiciled in England.

The address of its registered office is:
A1/A2 Portland Close
Townsend Industrial Estate
Houghton Regis
Dunstable
LU5 5AW

2 Accounting policies

Summary of significant accounting policies and key accounting estimates
The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation
These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework. The financial statements have been prepared under the historical cost convention, and in accordance with, the Companies Act 2006.

The company's financial statements are presented in pounds Sterling and all values are rounded to the nearest thousand pounds except where otherwise indicated.

Exemption from preparing group accounts
The financial statements contain information about Halfen Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company's sole subsidiary is dormant and, in the opinion of the directors, its net assets are not material to the group.

Summary of disclosure exemptions
The company has taken advantage of the following disclosure exemptions in FRS 101:

- Inclusion of an explicit and unreserved statement of compliance with IFRS;
- Presentation of a Statement of Cash Flows and related notes;
- Disclosure of the objectives, policies and processes for managing capital;
- Disclosure of key management personnel compensation;
- Disclosure of the categories of financial instrument and the nature and extent of risks arising on these financial instruments;
- Disclosure of the effect of financial instruments on the Statement of Comprehensive Income;
- Disclosure of the future impact of new International Financial Reporting Standards in issue but not yet effective at the reporting date;
- *Related party disclosures for transactions and with the parent or wholly owned members of the group*; and
- Certain disclosure requirements of IFRS 15.

2 Accounting policies (continued)

Changes in accounting policy
IFRS 16 is a new accounting standard that is effective for the year ended 31 December 2019 and has had a material impact on the company's financial statements. There are no other amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2019 that have had a material impact on the company's financial statements.

Adoption of IFRS 16

IFRS 16 Leases became mandatorily effective on 1 January 2019. The company has applied this for the first time in this accounting period which resulted in changes to the accounting policies.

The company transitioned to IFRS 16 using the modified retrospective approach. The prior period figures were not adjusted.

On adoption of IFRS 16, the company elected to apply the relief provisions available and has not reviewed contacts under the definition of a lease per IFRS 16, which had previously not been classified as leases under the principles of IAS 17. Therefore, only contracts entered into or modified on or after 1 January 2019 have the definition of a lease per IFRS 16 applied.

In addition, the company decided to apply recognition exemptions to leases with a term not exceeding 12 months and leases where the underlying assets are of low value.

For leases classified as operating leases under IAS 17, these lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The company has used the following practical expedients permitted by IFRS 16 when applying this for the first time to leases previously classified as operating leases:

• Applied a single discount rate to a portfolio of leases with similar characteristics
• Applied the exemption not to recognise liabilities for leases with less than 12 months of lease term remaining
• Excluded initial direct costs for the measurement of right-to-use assets at the date of initial application
• Used hindsight in determining the lease term where the contract contains options to extent or terminate the lease

Right-of-use assets are measured at either:

• Their carrying amount as if IFRS 16 has been applied since commencement, discounted using the lessee's incremental borrowing rate at the date of initial application
• An amount equal to the lease liability, adjusted for any prepaid or accrued lease payments

No adjustments are required on transition to IFRS 16 for leases where the company acts as a lessor, except for a sub-lease. A reassessment of the classification of a sub-lease is required under IFRS 16.

2 Accounting policies (continued)

The company recognised lease liabilities in relation to leases that were classified as 'operating leases" under the principles of IAS 17 - Leases. On transition, £533,000 (2018 - £Nil) of right-to-use assets and £533,000 (2018 - £Nil) of lease liabilities were recognised. The leases primarily relate to warehouses and vehicles. All of the leases have a remaining lease term of 4 years or less and there are no further options to extend the leases.

The company has sub-let one of its properties to a third party under a licence to occupy, which is subject to a one month cancellation period. The rental charge is £31,000 per annum plus service charges. For the current year total income from the rental arrangements amounted to £39,000 (2018 - £39,000).

	Note	As originally reported 2018 £ 000
Operating lease commitments at 31 December 2018		658
Operating lease commitments discounted at the incremental borrowing rate		533
Lease liabilities recognised at 1 January 2019		533

These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average rate applied was 4.5%.

Going concern

The company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries. The balance on the company's group cash pool balance as at the balance sheet date stands at c£10m (note 18). The directors expect that such amounts that may be required to maintain liquidity will be available to draw down from this balance. The directors, having assessed the responses of the directors of the company's ultimate parent CRH plc to their enquiries, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the CRH plc group to continue as a going concern or its ability to continue with the current banking arrangements.

It is hoped that the impact on the UK construction industry of the current Covid-19 pandemic will be of limited duration and that business will quickly and substantially recover as sites re-open and projects proceed. By 2021, the industry should recover fully, but there may be ongoing restrictions which have an as yet unquantifiable impact.

After due consideration of the current balance sheet, forecast sales and recent trading performance, the directors have reached an assessment of the company's financial position, and together with the enquiries made of the directors of CRH plc, they have concluded that there is a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2 Accounting policies (continued)

Revenue recognition

Recognition

The company earns revenue from the sale of metal building products. This revenue is recognised in the accounting period when control of the product has been transferred, at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers.

Performance obligations

The main performance obligations to customers consist of despatch of product for orders placed.

Finance income and costs policy

Finance income consists of income from group entities relating to the cash pooling arrangements in place. Interest income is recognised in the profit and loss account when earned, using the effective interest method.

Finance costs consist of interest payable on lease liabilities.

Foreign currency transactions and balances

The company's financial statements are presented in sterling, which is also the company's functional currency.

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

2 Accounting policies (continued)

Leases - accounting treatment from 1 January 2019

Definition

A lease is a contract, or a part of a contract, that conveys the right to use an asset or a physically distinct part of an asset ("the underlying asset") for a period of time in exchange for consideration. Further, the contract must convey the right to the company to control the asset or a physically distinct portion thereof. A contract is deemed to convey the right to control the underlying asset if, throughout the period of use, the company has the right to:

· Obtain substantially all the economic benefits from the use of the underlying asset, and;
· Direct the use of the underlying asset (e.g. direct how and for what purpose the asset is used)

Where contracts contain a lease coupled with an agreement to purchase or sell other goods or services (i.e., non-lease components), the non-lease components are identified and accounted for separately from the lease component. The consideration in the contract is allocated to the lease and non-lease components on a relative standalone price basis using the principles in IFRS15.

Initial recognition and measurement

The company initially recognises a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term.

The lease liability is measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments, purchase options at exercise price (where payment is reasonably certain), expected amount of residual value guarantees, termination option penalties (where payment is considered reasonably certain) and variable lease payments that depend on an index or rate.

The right-of-use asset is initially measured at the amount of the lease liability, adjusted for lease prepayments, lease incentives received, the company's initial direct costs (e.g., commissions) and an estimate of restoration, removal and dismantling costs.

Subsequent measurement

After the commencement date, the company measures the lease liability by:

(a) Increasing the carrying amount to reflect interest on the lease liability;
(b) Reducing the carrying amount to reflect the lease payments made; and
(c) Re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in substance fixed lease payments or on the occurrence of other specific events.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. Interest charges are included in finance costs in the profit and loss account, unless the costs are included in the carrying amount of another asset applying other applicable standards. Variable lease payments not included in the measurement of the lease liability, are included in operating expenses in the period in which the event or condition that triggers them arises.

2 Accounting policies (continued)

The related right-of-use asset is accounted for using the Cost model in IAS 16 and depreciated and charged in accordance with the depreciation requirements of IAS 16 Property, Plant and Equipment as disclosed in the accounting policy for Tangible fixed assets. Adjustments are made to the carrying value of the right of use asset where the lease liability is re-measured in accordance with the above. Right of use assets are tested for impairment in accordance with IAS 36 Impairment of assets as disclosed in the accounting policy in impairment.

Short term and low value leases

The company has made an accounting policy election, by class of underlying asset, not to recognise lease assets and lease liabilities for leases with a lease term of 12 months or less (i.e., short-term leases).

The company has made an accounting policy election on a lease-by-lease basis, not to recognise lease assets on leases for which the underlying asset is of low value.

Lease payments on short term and low value leases are accounted for on a straight line bases over the term of the lease or other systematic basis if considered more appropriate. Short term and low value lease payments are included in operating expenses in the income statements.

Sub leases

If an underlying asset is re-leased by the company to a third party and the company retains the primary obligation under the original lease, the transaction is deemed to be a sublease. The company continues to account for the original lease (the head lease) as a lessee and accounts for the sublease as a lessor (intermediate lessor). When the head lease is a short term lease, the sublease is classified as an operating lease. Otherwise, the sublease is classified using the classification criteria applicable to Lessor Accounting in IFRS 16 by reference to the right-of-use asset in the head lease (and not the underlying asset of the head lease).

After classification lessor accounting is applied to the sublease.

Leases - accounting treatment prior to 1 January 2019

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Tax

Taxation, comprised of current and deferred tax, is charged or credited to the profit and loss account unless it relates to items in other comprehensive income or directly in equity. In such cases, the related tax is also recognised in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

2 Accounting policies (continued)

Deferred tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements with following exception. Deferred tax assets are recognised only to the extent that it is considered probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred tax is measured at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred tax assets is reviewed at each balance sheet date. Deferred tax assets and liabilities are offset, only if a legal right of set off exists to set off current tax assets against current tax liabilities, the deferred taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Tangible fixed assets

Tangible fixed assets are stated in the balance sheet at historical cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Historical cost of tangible fixed assets include directly attributable incremental costs incurred in their acquisition and installation.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the company and the cost of the item can be reliably measured. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit and loss during the financial period in which they are incurred.

Depreciation

Depreciation is provided on property, plant and equipment assets so as to write off the cost less any estimated residual value, over their expected useful economic life on a straight line basis. Estimated useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

Asset class	Depreciation method and rate
Land and buildings	over the term of the lease
Other property, plant and equipment	10% to 20% straight line basis
Furniture, fittings and equipment	20% to 25% straight line basis

Intangible assets

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date.

Goodwill is not subject to amortisation but is tested for impairment.

Software licence costs are recognised as assets on acquisition and are amortised over their estimated useful lives.

2 Accounting policies (continued)

Amortisation
Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Amortisation method and rate
Goodwill	15 years straight line basis
Software licences	25% straight line basis

Impairment of non-financial assets
The carrying values of non-financial assets are reviewed at each balance sheet date to determine whether there is an indication of impairment. If any impairment loss arises, the asset value is adjusted to its estimated recoverable amount and the difference is recognised in the profit and loss account.

Investments
Investments in subsidiaries are held at historic cost less any applicable provision for impairment.

Financial instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition
Financial assets are recognised when the entity becomes a party to the contract and, as a consequence, has a legal right to receive cash.

Financial liabilities are recognised when the entity becomes a party to the contract and, as a consequence, has a legal obligation to pay cash.

Classification and measurement

Financial assets at amortised cost
All financial assets are measured at amortised cost.

Financial liabilities at amortised cost
All financial liabilities are measured at amortised cost using the effective interest rate method.

Impairment of financial assets

Measurement of Expected Credit Losses

In accordance with IFRS 9, the company applies expected credit loss (ECL) model for the measurement and recognition of impairment loss on financial assets measured at amortised cost e.g., investments, loans and bank balance.

Cash and cash equivalents
This comprises cash at bank and in hand and short term deposits with an original maturity of three months or less.

2 Accounting policies (continued)

Trade debtors
Trade debtors are amounts due from customers for merchandise sold in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the debtors.

Stock
Stock is valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs.

Cost includes purchase price, including import duties, transport and handling costs, calculated on a consistent basis which excludes periodic trade discounts on certain lines specified at manufacture.

Trade creditors
Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Provisions
A provision is recognised where the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

Share capital
Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments.

Defined contribution pension obligation
A defined contribution plan is a pension plan under which fixed contributions are paid into a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. For defined contribution plans, contributions are paid to publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

2 Accounting policies (continued)

Defined benefit pension obligation
Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date minus the fair value of plan assets. The defined benefit obligation is measured using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future payments by reference to market yields at the reporting date on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses are charged or credited to other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in profit or loss.

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires judgements, estimations and assumptions to be made that affect the reported values of assets, liabilities, revenues and expenses. The nature of estimation means that the actual outcomes could differ from those estimates. 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:

Defined benefit pension scheme
The company has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend in a number of factors, including: life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends.

Discount rate on leases
The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the company, where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received; uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the company, which does not have recent third party financing; and makes adjustments specific to the lease, e.g. term, currency and security.

There are no significant judgements applied in the preparation of the financial statements.

4 Turnover

The analysis of the company's turnover for the year by category:

	2019 £ 000	2018 £ 000
Sale of goods	8,247	7,892

The analysis of the company's turnover for the year by market is as follows:

	2019 £ 000	2018 £ 000
UK	6,920	7,250
Europe	1,217	642
Rest of world	110	-
	8,247	7,892

5 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2019 £ 000	2018 £ 000
Sub lease rental income (note 21)	39	39
Miscellaneous other operating income	2	3
	41	42

The sub-lease rental income comprises of rent and service charges receivable.

6 Auditor's remuneration

	2019 £ 000	2018 £ 000
Audit of the financial statements	14	14

7 Operating profit

Arrived at after charging/(crediting):

	2019 £ 000	2018 £ 000
Depreciation on tangible assets	7	16
Depreciation on right of use assets	151	-
Amortisation expense	2	-
Write-down of stock to net realisable value	12	(14)
Foreign exchange losses	9	2
Operating lease expense - property	-	99
Operating lease expense - plant and machinery	-	63
Expense on short term leases (over one month)	38	-
Impairment of trade debtors	28	(18)
Stock recognised as an expense	5,095	4,734

The company initially applied IFRS 16 at 1 January 2019, using the modified retrospective approach. Under this approach, comparative information is not restated. In 2018 lease expenses relate to operating lease charges under under IAS 17 while in 2019 the lease expense is for expenses relating to short term leases under IFRS 16.

8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2019 £ 000	2018 £ 000
Wages and salaries	1,020	976
Social security costs	124	120
Pension costs, defined contribution scheme	70	70
Pension costs, defined benefit scheme	85	91
	1,299	1,257

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2019 No.	2018 No.
Sales and distribution	19	19
Finance and administration	4	3
	23	22

9 Directors' remuneration

The directors' remuneration for the year was as follows:

	2019 £ 000	2018 £ 000
Remuneration	207	198
Contributions paid to money purchase schemes	12	12
	219	210

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2019 No.	2018 No.
Accruing benefits under money purchase pension scheme	2	2

In respect of the highest paid director:

	2019 £ 000	2018 £ 000
Remuneration	134	127
Company contributions to money purchase pension schemes	7	7
	141	134

10 Other interest receivable and similar income

	2019 £ 000	2018 £ 000
Interest receivable from group undertakings	65	-

11 Interest payable and similar expenses

	2019 £ 000	2018 £ 000
Net cost on post-employment benefits	25	40
Interest expense on leases	27	-
	52	40

The company initially applied IFRS 16 at 1 January 2019, using the modified retrospective approach. Under this approach, comparative information is not restated. In 2019 the interest expense is for lease liabilities under IFRS 16.

12 Income tax

Tax (credited)/charged in the profit and loss account

	2019 £ 000	2018 £ 000
Current taxation		
UK corporation tax	85	105
UK corporation tax group relief tax adjustment to prior periods	-	(39)
	85	66
Deferred taxation		
Arising from origination and reversal of temporary differences	57	55
Tax expense in the profit and loss account	142	121

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2018 - lower than the standard rate of corporation tax in the UK) of 19% (2018 - 19%).

The differences are reconciled below:

	2019 £ 000	2018 £ 000
Profit before tax	734	828
Corporation tax at standard rate	139	157
Decrease in current tax from adjustment for prior periods	-	(39)
Increase from effect of capital allowances depreciation	3	3
Total tax charge	142	121

The tax rate for the current year is the same as the prior year.

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate, to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

In November 2019, the Prime Minister announced that he intended to cancel the future reduction in corporate tax rate from 19% to 17%. This announcement does not constitute substantive enactment and therefore deferred taxes at the balance sheet date continue to be measured at the enacted tax rate of 17%. However, it is possible that the corporation tax rate remains at 19% after 1 April 2020.

12 Income tax (continued)

Amounts recognised in other comprehensive income:

	Before tax £ 000	2019 Tax (expense) benefit £ 000	Net of tax £ 000
Remeasurements of post employment benefit obligations	(598)	107	(491)

	Before tax £ 000	2018 Tax (expense) benefit £ 000	Net of tax £ 000
Remeasurements of post employment benefit obligations	427	(64)	363

Deferred tax

Deferred tax movement during the year:

	At 1 January 2019 £ 000	Recognised in income £ 000	Recognised in other comprehensive income £ 000	At 31 December 2019 £ 000
Accelerated tax depreciation	5	(2)	-	3
Pension benefit obligations	175	(55)	107	227
Net tax assets/(liabilities)	180	(57)	107	230

Deferred tax movement during the prior year:

	At 1 January 2018 £ 000	Recognised in income £ 000	Recognised in other comprehensive income £ 000	At 31 December 2018 £ 000
Accelerated tax depreciation	4	1	-	5
Pension benefit obligations	295	(56)	(64)	175
Net tax assets/(liabilities)	299	(55)	(64)	180

13 Intangible assets

	Goodwill £ 000	Software licences £ 000	Total £ 000
Cost			
At 1 January 2019	2,027	-	2,027
Additions	-	21	21
At 31 December 2019	2,027	21	2,048
Amortisation			
At 1 January 2019	2,027	-	2,027
Impairment charge	-	2	2
At 31 December 2019	2,027	2	2,029
Carrying amount			
At 31 December 2019	-	19	19
At 31 December 2018	-	-	-

14 Right of use assets

	Plant and machinery £ 000	Property £ 000	Cars £ 000	Total £ 000
Cost				
Recognised on transition to IFRS 16	19	407	107	533
Additions - remeasurements	-	158	5	163
At 31 December 2019	19	565	112	696
Depreciation				
Charge for the year	(7)	(109)	(34)	(150)
At 31 December 2019	(7)	(109)	(34)	(150)
Carrying amount				
At 31 December 2019	12	456	78	546

In the previous year, the company recognised leases as operating leases under IAS 17 Leases. Rental costs were recognised as expenses in the profit and loss account. The adjustments recognised on adoption of IFRS 16 on 1 January 2019 are shown above and in note 20.

15 Tangible assets

	Land and buildings £ 000	Furniture, fittings and equipment £ 000	Other property, plant and equipment £ 000	Total £ 000
Cost				
At 1 January 2019	62	17	138	217
Additions	-	3	8	11
Disposals	-	-	(23)	(23)
At 31 December 2019	62	20	123	205
Depreciation				
At 1 January 2019	(62)	(17)	(122)	(201)
Charge for the year	-	-	(7)	(7)
Eliminated on disposal	-	-	23	23
At 31 December 2019	(62)	(17)	(106)	(185)
Carrying amount				
At 31 December 2019	-	3	17	20
At 31 December 2018	-	-	16	16

16 Investments

Subsidiaries	£ 000
Cost	
Cost brought forward	78
At 31 December 2019	78
Provision	
Provision brought forward	78
At 31 December 2019	78
Carrying amount	
At 31 December 2019	-
At 31 December 2018	-

16 Investments (continued)

Details of the subsidiaries as at 31 December 2019 are as follows:

Name of subsidiary	Principal activity	Registered office	Holding	Proportion of ownership interest and voting rights held 2019	2018
Forsite Manufacturing Limited	Non-trading	A1/A2 Portland Close, Houghton Regis, Dunstable LU5 5AW England	Ordinary shares	100%	100%

17 Stock

	2019 £ 000	2018 £ 000
Finished goods and goods for resale	266	265

There is no significant difference between the replacement cost of finished goods and goods for resale and their carrying value.

The cost of stock recognised as an expense in the year amounted to £5,095,000 (2018 - £4,734,000). This is included within cost of sales.

The amount of write-down of stock recognised as an expense in the year is £12,000 (2018 - £Nil). This is included within cost of sales.

The amount of write-down of stock reversed through expenses in the year is £Nil (2018 - £14,000). This is included within cost of sales.

Stock is stated after provisions for impairment of £34,000 (2018 - £22,000).

18 Debtors

	2019 £ 000	2018 £ 000
Trade debtors	1,178	1,363
Provision for impairment of trade debtors	(27)	-
Net trade debtors	1,151	1,363
Amounts receivable from group undertakings	10,565	7,340
Prepayments	71	58
Other debtors	3	2
Total current trade and other debtors	11,790	8,763

18 Debtors (continued)

Amounts receivable from group undertakings are unsecured, have no fixed date of repayment and are repayable on demand.

The amount of write-down of trade debtors recognised as charge in the year was £28,000 (2018 - £18,000 credit). This is included in administrative expenses.

19 Trade and other payables

	2019 £ 000	2018 £ 000
Trade creditors	73	78
Accrued expenses	102	152
Amounts payable to group undertakings	122	70
Social security and other taxes	287	354
Other creditors	9	10
	593	664

Amounts payable to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

20 Leases

Leases included in creditors

	2019 £ 000	2018 £ 000
Current portion of long term lease liabilities	190	-
Long term lease liabilities	402	-
	592	-

The company initially applied IFRS 16 at 1 January 2019, using the modified retrospective approach. Under this approach, comparative information is not restated. Thus, the comparative lease liabilities presented are based on IAS 17 (see note 21) while for the current year are based on IFRS 16.

20 Leases (continued)

Lease liabilities maturity analysis

A maturity analysis of lease liabilities based on undiscounted gross cash flow is reported in the table below:

	2019 £ 000	2018 £ 000
Less than one year	194	-
2 years	184	-
3 years	171	-
4 years	88	-
Total lease liabilities (undiscounted)	637	-

Total cash outflows related to leases

Total cash outflows related to leases are presented in the table below:

Payment	2019 £ 000	2018 £ 000
Right of use assets	152	-
Interest	27	-
Termination payments	2	-
Total cash outflow	181	-

21 Obligations under leases

Operating leases

The total future value of minimum lease payments is as follows:

	2019 £ 000	2018 £ 000
Within one year	-	160
In two to five years	-	498
	-	658

The company initially applied IFRS 16 at 1 January 2019, using the modified retrospective approach. Under this approach, comparative information is not restated. Thus, the comparative future minimum lease payments presented are based on IAS 17 while the current year are based on IFRS 16 (see note 20).

21 Obligations under leases (continued)

Sublease arrangements
The company has sub-let one of its properties to a third party under a licence to occupy, which is subject to a one month cancellation period. The rental charge is £31,000 per annum plus service charges. For the current year total income from cancellable rental arrangements amounted to £39,000 (2018 - £39,000). Total future minimum sublease income under non-cancellable operating leases expected to be received is £Nil (2018 - £Nil). The amount of income recognised in the year from non-cancellable operating subleases was £Nil (2018 - £Nil).

The short-term lease commitments of the company as at the year end are £Nil (2018 - £Nil). The company has elected to apply paragraph 6 of IFRS 16 and has recognised the lease payments associated with the short-term leases as an expense.

22 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £70,000 (2018 - £70,000).

Contributions totalling £9,000 (2018 - £8,000) were payable to the scheme at the end of the year and are included in creditors.

Defined benefit pension schemes
Halfen Pension and Assurance Scheme

For certain employees the company operates a defined benefits plan, the Halfen Pension and Assurance Scheme. The benefits provided by the plan are final salary defined benefits with the contributions paid by the company on a balance of cost basis.

The assets of the plan are invested in managed funds with Legal & General Investment Management. The managed funds are diversified by fund and by investment strategy.

The plan closed to future accrual on 31 December 2009.

The scheme is run by the trustees of the scheme who ensure that the scheme is run in accordance with the trust deed and rules of the scheme and complies with legislation. The trustees are required by law to fund the scheme on prudent funding assumptions under the trust deed and rules of the scheme. The contributions payable by the company to fund the scheme are set by the trustees after consulting with the company.

Responsibility for the governance of the plan, including investment decisions and contribution schedules, lies jointly with the company and the trustees of the fund.

22 Pension and other schemes (continued)

The trustees use the defined accrued benefit funding method. This method is suitable for funding a scheme that is closed to future accrual.

The company is contributing deficit reduction contributions of £319,000 per annum for the period to 31 December 2019 and £369,000 per annum from 1 January 2020 until 31 August 2027. The deficit contributions are expected to meet the deficit on the funding basis by 31 August 2027 based on an assumption of investment return of 2.9% per annum.

In addition, the company is paying £80,000 per annum to meet all of the costs of administering the scheme and any levies required by the Pension Protection Fund and the Pensions Regulator.

Contributions payable to the pension scheme at the end of the year are £Nil (2018 - £Nil).

The expected contributions to the plan for the next reporting period are £449,000.

The scheme was most recently valued on 1 January 2019. The next triennial valuation is due as at 1 January 2022.

Risks

Investment return risk
If the assets under-perform the returns assumed in setting the funding target then additional contributions may be required at subsequent valuations.

Investment matching risk
The Scheme invests significantly in equity type assets, whereas the solvency target is closely related to the return on bonds. If equity type assets have fallen in value relative to the matching assets of bonds, additional contributions may be required.

Longevity risk
If future improvements in life expectancy exceed the assumptions made, then additional contributions may be required.

Legislative risk
The Government may introduce overriding legislation which leads to an increase in the value of Scheme benefits.

Solvency risk
As the funding target is not a solvency target, and the investment strategy does not follow that required for a solvency target, the assets of the Scheme may not be sufficient to provide all members with the full value of their benefits on a Scheme wind-up.

22 Pension and other schemes (continued)

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the statement of financial position are as follows:

	2019 £ 000	2018 £ 000
Fair value of scheme assets	11,891	10,342
Present value of scheme liabilities	(13,227)	(11,369)
Defined benefit pension scheme deficit	(1,336)	(1,027)

Scheme assets

Changes in the fair value of scheme assets are as follows:

	2019 £ 000	2018 £ 000
Fair value at start of year	10,342	10,275
Return on scheme assets	307	264
Actuarial gain/(loss) on scheme assets	1,125	(370)
Employer contributions	399	399
Benefits paid	(197)	(150)
Administrative expenses paid	(85)	(76)
Fair value at end of year	11,891	10,342

Analysis of assets

The major categories of scheme assets are as follows:

	2019	2018
Equity instruments	19%	18%
Bonds	50%	52%
Investment funds	29%	29%
Cash	2%	1%
	100%	100%

Actual return on scheme's assets

	2019 £ 000	2018 £ 000
Actual return on scheme assets	1,432	(106)

The pension scheme has not invested in any of the company's own financial instruments or in properties or other assets used by the company.

22 Pension and other schemes (continued)

Scheme liabilities

Changes in the present value of scheme liabilities are as follows:

	2019 £ 000	2018 £ 000
Present value at start of year	11,369	12,012
Actuarial gains and losses arising from changes in demographic assumptions	(168)	(82)
Actuarial gains and losses arising from changes in financial assumptions	1,894	(808)
Actuarial gains and losses arising from experience adjustments	(3)	93
Interest cost	332	304
Benefits paid	(197)	(150)
Present value at end of year	13,227	11,369

Principal actuarial assumptions

The significant actuarial assumptions used to determine the present value of the defined benefit obligation at the statement of financial position date are as follows:

	2019 %	2018 %
Discount rate	2.05	2.95
Future pension increases	3.45	3.60
RPI inflation assumption	2.70	3.15
CPI inflation assumption	2.00	2.15

Post retirement mortality assumptions

	2019 Years	2018 Years
Current UK pensioners at retirement age - male	22.00	22.00
Current UK pensioners at retirement age - female	24.00	24.00
Future UK pensioners at retirement age - male	23.00	24.00
Future UK pensioners at retirement age - female	26.00	26.00

22 Pension and other schemes (continued)

Amounts recognised in the Profit and Loss Account

	2019 £ 000	2018 £ 000
Amounts recognised in operating profit		
Administrative expenses paid	85	76
Amounts recognised in finance income or costs		
Net interest	25	40
Total recognised in the Profit and Loss Account	110	116

Amounts taken to the Statement of Comprehensive Income

	2019 £ 000	2018 £ 000
Actuarial gains and losses arising from changes in demographic assumptions	(168)	(82)
Actuarial gains and losses arising from changes in financial assumptions	1,894	(808)
Actuarial gains and losses arising from experience adjustments	(3)	93
Actuarial loss/(gain) on plan assets	(1,125)	370
Amounts recognised in the Statement of Comprehensive Income	598	(427)

Sensitivity analysis

A sensitivity analysis for the principal assumptions used to measure scheme liabilities is set out below:

Assumption varied	Change in assumption	Defined benefit obligation £m
Obligations as at 31 December 2019		13.2
Discount rate	0.25% p.a. lower	13.9
Inflation increases	0.25% higher	13.6
Inflation linked pension increases	0.25% higher	13.4
Life expectancy	One year higher	13.8

The figures assume that each assumption is changed independently of the others. Therefore, the disclosures are only a guide because the effect of changing more than one assumption is not cumulative.

The weighted average duration of the defined benefit obligation is 19 years.

23 Share capital

Authorised, allotted, called up and fully paid shares

	2019		2018	
	No. 000	**£ 000**	**No. 000**	**£ 000**
Ordinary shares of £1 each	2,255	2,255	2,255	2,255

All shares rank pari passu in all respects.

24 Reserves

Share capital

The balance classified as equity share capital includes the total net proceeds on issue of the company's equity shares.

Profit and loss account

The profit and loss account reserve includes all current and prior period retained profits and losses.

25 Related party transactions

The company has taken advantage of the exemption under 8(k) of FRS 101 not to disclose transactions with fellow group wholly owned subsidiaries. Transactions entered into, and trading balances outstanding at 31 December with other related parties are as follows:

The company is party to a cross-guarantee in respect of bank facilities that are available to fellow subsidiaries of the parent undertaking, CRH plc.

26 Parent of group in whose consolidated financial statements the company is consolidated

The name of the parent of the group in whose consolidated financial statements the company's financial statements are consolidated is CRH plc.

These financial statements are available upon request from CRH plc, Belgard Castle, Clondalkin, Dublin 22, Ireland. CRH plc is the only group preparing financial statements which include Halfen Limited.

27 Parent and ultimate parent undertaking

The company's immediate parent is Halfeneisen GmbH, a company incorporated in Germany.

The ultimate parent and controlling party is CRH plc, a company incorporated in Ireland.

28 Non adjusting events after the financial period

In the period after year end to the date of approval of these accounts the Covid-19 pandemic has caused major disruption to the global economy. It is hoped that the impact on the UK construction industry of the current Covid-19 pandemic will be of limited duration and that business will quickly and substantially recover as sites re-open and projects proceed. By 2021, the industry should recover fully, but there may be ongoing restrictions which have an as yet unquantifiable impact. The company continues to trade on a sound financial footing.