

# John McGavigan Limited

Registered number: SC144766

## Annual Report

For the year ended 31 December 2020

WEDNESDAY



\*SA2WDGBK\*

SCT

21/04/2021

#5

COMPANIES HOUSE

---

**JOHN MCGAVIGAN LIMITED**

---

---

**COMPANY INFORMATION**

---

|                            |  |
|----------------------------|--|
| <b>Directors</b>           | D F Taylor<br>S J Mathers  |
| <b>Company secretary</b>   | C R Smith  |
| <b>Registered number</b>   | SC144766   |
| <b>Registered office</b>   | 111 Westerhill Road<br>Westerhill Business Park<br>Bishopbriggs<br>Glasgow<br>G64 2QR            |
| <b>Independent auditor</b> | Mazars LLP<br>Chartered Accountants & Statutory Auditor<br>100 Queen Street<br>Glasgow<br>G1 3DN |
| <b>Bankers</b>             | Royal Bank of Scotland<br>10 Gordon Street<br>Glasgow<br>G1 3PL                                  |

---

**JOHN MCGAVIGAN LIMITED**

---

**CONTENTS**

---

|  | Page    |
|--|---------|
| <b>Strategic Report</b>                  | 1 - 3   |
| <b>Directors' Report</b>                 | 4 - 6   |
| <b>Independent Auditor's Report</b>      | 7 - 10  |
| <b>Statement of Comprehensive Income</b> | 11      |
| <b>Statement of Financial Position</b>   | 12      |
| <b>Statement of Changes in Equity</b>    | 13      |
| <b>Notes to the financial statements</b> | 14 - 30 |

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

---

**Introduction**

John McGavigan Limited (the "Company") manufactures and supplies technical and decorative plastic components and assemblies for the global automotive industry. These range from printed dials and appliques used in the vehicle instrument cluster to climate control components and assemblies, audio bezel assemblies, interior switches, technical moulded components, decorative trim and finishes used within the vehicle interior and decorative touch screen products. The main materials used are plastic resin and films, inks and paints, with the main technologies used being printing, thermomechanical forming, injection moulding and spray painting.

During 2020 the UK operation was impacted significantly by the global Covid 19 pandemic. This saw a complete shutdown of the facility in March /April 2020 in line with government requirements. Over the ensuing period work gradually resumed as customers began to reopen operations in a limited manner as demand was impacted for existing products and development of new products was impacted by customer shutdowns.

The workforce who had been furloughed returned over the April-October period to service both limited product demand and new product development. As the business reopened progressively stringent measures were put in place to ensure the risk of the Covid 19 virus spreading was kept to a minimum. Two surprise inspections by the Health and Safety Executive (HSE) resulted in very positive feedback that the controls in place were excellent.

Extensive use was made of the Coronavirus Job Retention Scheme ("CJRS") to provide income for employees who were furloughed through lack of available work. The board elected not to make use of any other government support such as the Coronavirus Business Interruption Loan ("CBIL") scheme as cash flow was sufficient to maintain the business during this difficult period.

In the wider market place automotive interior technology is migrating in a direction which plays to McGavigan technical strengths. As a result opportunity exists for McGavigan to produce more parts per vehicles thus negating the effects of weakening demand. This is evident through some of the new projects being awarded and developed, which reflect more integration of vehicle controls into touch screen and capacitance-based units and away from electromechanical assemblies. These new projects take time to engineer and launch but winning these has demonstrated the continuous focus of the business on moving into areas where engineering skills built up over the years has been deployed to meet the technical demands of new technical solutions for vehicle interiors.

McGavigan foreign exchange risk was reduced by a natural hedge in Euros whereby Euro purchases broadly matched Euros sales. The lack of market predictability in forward currency has led management to continue to monitor the relative exposure of the business to the Euro and other currencies as necessary.

Sustained and profitable growth remains central to the business's strategy, delivered through maintaining a balanced portfolio of clients, continued innovation of new production processes and a capital investment policy aligned to delivering further operational efficiencies.

The Group's operational capabilities equip the business to serve clients globally through competitive manufacturing in Europe and Asia, supported regionally by engineering and development resources who work closely with clients locally. The Company provides key inputs to this support.

**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2020**

---

**Business review**

The Statement of Comprehensive Income is set out on page 11 and shows turnover for the period of £5.2m and profit before tax of £2.9m, primarily from dividends.

This represents a decrease in profit over 2019 due to the timing of dividends being declared by its Chinese subsidiary McGavigan Decorative Technology (Suzhou) Limited (MDT).

In 2020 the dividend for profits earned in 2019 was declared and paid by MDT. In total the Company earned £4.1m of dividend income. £1.6m of this was reinvested in MDT, withholding tax totalling £0.2m was paid or deferred and £1.5m was paid to McGavigan Corporate Limited to facilitate scheduled debt repayments to RBS. The balance was used to support the UK business during the Covid disruption.

**Principal risks and uncertainties**

Continuing turbulence in the global automotive market as noted above continues to create risk and uncertainty. Global light vehicle sales demand declined dramatically in 2020 as a result of disruption created by the pandemic and the ongoing uncertainties as Brexit discussions continued through the year. According to figures published by the industry analysts LMC light vehicle in 2020 were 74.6m units, down 17% over 2019.

Longer term data continues to show growth in passenger vehicle production through 2023 to sales of 95.7m units (circa 2% CAGR from the 2019 baseline) as demand rebounds. LMC see strong growth in economically developing countries such as China as well as general growth in demand for battery operated vehicles which could represent 7% of all new light vehicles sold in 2023. The board continue to monitor this situation as it develops.

All of these trends are subject to the continuing uncertainty which remains whilst the world works to control the Covid 19 virus.

As the business extends into new export markets, the issue of currency fluctuation presents a risk. To mitigate this, management monitors the need to enter into arrangements to secure long-term stability through currency hedging, including where possible structured natural hedging, reducing risk of exposure to future currency volatility in the year ahead.

The UK has now left the European Union and the board continue to monitor the impact of this. The bulk of the company's sales are exported and to date minimal disruption has occurred, however the directors continue to assess the potential impacts of Brexit on supply chain, costs and other business issues.

Longer-term the Company continues to develop products and processes which are applicable to non-automotive sectors, and where the technology can deliver value for the client and business alike.

Operationally the UK business maintains rigorous credit controls and close management of cash at all times. Cash management is forecasted on a rolling thirteen-week basis, ensuring funding is always in place.

---

**JOHN MCGAVIGAN LIMITED**

---

---

**STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

---

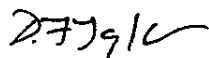
**Financial key performance indicators**

The key performance indicators of the business continued to improve. Quality performance targets have been made more stringent in line with this improved performance, as has the in-house target for premium freight costs, unscheduled overtime and on-time delivery.

The Company maintained its status as an IATF16949 registered supplier, its ISO 9001 Quality Management accreditation and its ISO14001 environmental standard in the UK.

The Covid 19 disruption impacted both product demand and new product launches. This had an adverse impact on both sales and profitability. As 2021 unfolds the board are seeing slow but steady increases to demand and delayed new product launches starting to move into volume production. However at this point there is insufficient visibility to conclude when the world will return to some more normal state.

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



**D F Taylor**  
**Director**

Date: 8 April 2021

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

---

The Directors present their report and the financial statements for the year ended 31 December 2020.

**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; 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 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.*

**Principal activity**

The principal activity of the Company is the manufacture and supply of technical and decorative components for the automotive industry.

**Results and dividends**

The profit for the year, after taxation, amounted to £2,586k (2019 - £6,503k).

**Directors**

The Directors who served during the year were:

D F Taylor  
S J Mathers

---

## **JOHN MCGAVIGAN LIMITED**

---

### **DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020**

---

#### **Future developments**

The Company operates, as a McGavigan group company, an industrialised product development model closely aligned with future market trends. This is supported by externally sourced research and close dialogue with key industry decision makers. From this the business operates a management led product development process designed to generate long-term stakeholder value. Where appropriate the business takes steps to protect intellectual property assets generated from this process.

In the automotive market the continuing move to touch sensitive controls within vehicles is seen as an opportunity to exploit technologies which the business has developed following this strategy. Management believe that these technologies can be taken to other significant markets outside of automotive.

In parallel to defined product and process innovation the business participates in a group review of strategic market opportunities that can further enhance the capabilities of the business and generate long-term stakeholder value.

#### **Research and development activities**

The Company has a research and development programme for both new products and markets, and the improvement of existing products and methods. This research and development is mainly being carried out in-house. In addition, the business utilises research and development resources from local academic institutions where appropriate.

#### **Employees**

The Company has maintained the practice of keeping employees informed on matters affecting them by formal and informal briefings. Applications for employment by disabled people are given equal consideration having regard to their particular abilities. If any employee becomes disabled every effort will be made to continue their employment within the Company.

#### **Matters covered in the Strategic Report**

As permitted by Paragraph 1A of Schedule 7 to the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008, certain matters which are required to be disclosed in the Directors' Report have been omitted as they are included in the Strategic Report on pages 1 - 3. These matters include a fair review of the Company's business and a description of the Company's principal risks and uncertainties.

#### **Disclosure of information to auditor**

Each of the persons who are Directors 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 auditor is 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 auditor is aware of that information.

#### **Post balance sheet events**

There have been no significant events affecting the Company since the year end.



---

**JOHN MCGAVIGAN LIMITED**

---

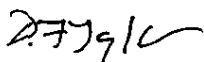
**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2020**

---

**Auditor**

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



**D F Taylor**  
**Director**

Date: 8 April 2021

---

**JOHN MCGAVIGAN LIMITED**

---

---

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JOHN MCGAVIGAN LIMITED**

---

**Opinion**

We have audited the financial statements of John McGavigan Limited (the 'Company') for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the 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 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 2020 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**

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

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

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

**Other information**

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JOHN MCGAVIGAN LIMITED**

---

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

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

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

**Matters on which we are required to report by exception**

In 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JOHN MCGAVIGAN LIMITED**

---

**Responsibilities of Directors**

As explained more fully in the Directors' Responsibilities Statement 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 either the directors 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Company and its industry, we identified that the principal risks of non-compliance with laws and regulations related to the employment regulation and health and safety regulation, anti-bribery and data protection, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006.

We evaluated the Directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- discussing with the directors and management their policies and procedures regarding compliance with laws and regulations;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JOHN MCGAVIGAN LIMITED**

---

Our audit procedures in relation to fraud included but were not limited to:

- making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Use of the audit 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.

*Craig Maxwell*

Craig Maxwell (Apr 8, 2021 15:01 GMT+1)

Craig Maxwell (Senior statutory auditor)

for and on behalf of

Mazars LLP  
Chartered Accountants and Statutory Auditor  
100 Queen Street

Glasgow  
G1 3DN

8 April 2021

---

**JOHN MCGAVIGAN LIMITED**

---

---

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

---

|                                       | Note | 2020<br>£    | 2019<br>£000 |
|---------------------------------------|------|--------------|--------------|
| Turnover                              | 4    | 5,182        | 9,905        |
| Cost of sales                         |      | (7,364)      | (10,006)     |
| <b>Gross loss</b>                     |      | (2,182)      | (101)        |
| Distribution and selling costs        |      | (628)        | (967)        |
| Administrative expenses               |      | (349)        | (486)        |
| Redundancy costs                      | 14   | (14)         | (152)        |
| Foreign exchange gain                 |      | 164          | 23           |
| Other operating income                | 5    | 1,786        | 909          |
| <b>Operating loss</b>                 | 6    | (1,223)      | (774)        |
| Income from fixed asset investments   | 10   | 4,090        | 7,563        |
| Interest payable and similar expenses | 11   | (6)          | (12)         |
| Other finance income                  | 12   | 60           | 84           |
| <b>Profit before tax</b>              |      | 2,921        | 6,861        |
| Tax on profit                         | 13   | (335)        | (358)        |
| <b>Profit for the financial year</b>  |      | <u>2,586</u> | <u>6,503</u> |

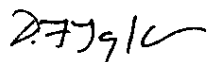
There was no other comprehensive income for 2020 (2019:£NIL).

The notes on pages 14 to 30 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2020

|   | Note | 2020<br>£000         | 2019<br>£000         |
|---|------|----------------------|----------------------|
| <b>Fixed assets</b>                                     |      |                      |                      |
| Tangible fixed assets                                   | 15   | 2,213                | 2,132                |
| Investments   | 16   | 6,997                | 5,341                |
|   |      | <u>9,210</u>         | <u>7,473</u>         |
| <b>Current assets</b>                                   |      |                      |                      |
| Stocks  | 17   | 818                  | 945                  |
| Debtors: amounts falling due within one year            | 18   | 3,863                | 2,643                |
| Cash and cash equivalents                               | 19   | 1,494                | 1,034                |
|   |      | <u>6,175</u>         | <u>4,622</u>         |
| Creditors: amounts falling due within one year          | 20   | (1,653)              | (1,097)              |
| <b>Net current assets</b>                               |      | <u>4,522</u>         | <u>3,525</u>         |
| <b>Total assets less current liabilities</b>            |      | <u>13,732</u>        | <u>10,998</u>        |
| Creditors: amounts falling due after more than one year | 21   | (326)                | (178)                |
| <b>Net assets</b>                                       |      | <u><u>13,406</u></u> | <u><u>10,820</u></u> |
| <b>Capital and reserves</b>                             |      |                      |                      |
| Called up share capital                                 | 23   | 50                   | 50                   |
| Capital contribution                                    | 24   | 214                  | 214                  |
| Profit and loss account                                 | 24   | 13,142               | 10,556               |
|   |      | <u>13,406</u>        | <u>10,820</u>        |

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



D F Taylor  
Director

Date: 8 April 2021

---

**JOHN MCGAVIGAN LIMITED**

---

---

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

---

|  | <b>Called up<br/>share capital<br/>£000</b> | <b>Capital<br/>contribution<br/>£000</b> | <b>Profit and<br/>loss account<br/>£000</b> | <b>Total equity<br/>£000</b> |
|--|---|--|---|------------------------------|
| <b>At 1 January 2019</b>                       | 50  | 214                                      | 5,530                                       | 5,794                        |
| Profit for the year                            | -   | -  | 6,503                                       | 6,503                        |
| <b>Total comprehensive income for the year</b> | -   | -  | 6,503                                       | 6,503                        |
| Dividends: Equity capital                      | -   | -  | (1,477)                                     | (1,477)                      |
| <b>Total transactions with owners</b>          | -   | -  | (1,477)                                     | (1,477)                      |
| <b>At 1 January 2020</b>                       | 50  | 214                                      | 10,556                                      | 10,820                       |
| Profit for the year                            | -   | -  | 2,586                                       | 2,586                        |
| <b>Total comprehensive income for the year</b> | -   | -  | 2,586                                       | 2,586                        |
| <b>At 31 December 2020</b>                     | 50  | 214                                      | 13,142                                      | 13,406                       |

The notes on pages 14 to 30 form part of these financial statements.



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

---

**1. General information**

John McGavigan Limited is a Company limited by shares, incorporated in Scotland. Its registered office is 111 Westerhill Road, Bishopbriggs, Glasgow, G64 2QR.

**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 monetary amounts in these financial statements are rounded to the nearest £1,000.

The Company's functional and presentational currency is GBP.

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); and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of McGavigan Holdings Limited as at 31 December 2020 and these financial statements may be obtained from 111 Westerhill Road, Bishopbriggs, Glasgow, G64 2QR.

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

---

**2. Accounting policies (continued)**

**2.3 Going concern**

In 2020 the worldwide Covid 19 pandemic had a significant disruptive impact on both the automotive and global economies. The Directors' response to this was to ensure first and foremost the safety of all employees and to create an environment where it was safe to return to work in a controlled manner.

In parallel the Directors placed focus on ensuring that the Company had sufficient funds in place to meet all obligations as they fell due. This included participating in the UK government's CJRS programme to offset the cost of employees furloughed as a result of the pandemic and adjusting the cost base as appropriate whilst meeting customer requirements.

Extensive discussions were held regarding funding lines of credit but the Directors concluded that the Group was in a robust enough financial condition to avoid the need to use any government backed financing such as the UK CBILS programme and continued to meet all bank obligations in 2020. Cash generation in China continues to be strong as the economy there returns to normal. This provides the Directors with comfort that sufficient cash will be generated to meet future obligations in the UK through the repatriation of dividends from China.

The Directors continue to monitor the market demand through the annual budgeting process and regular financial forecast updates and stress tests and are comfortable that the Company remains a going concern.

**2.4 Turnover**

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover 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 turnover is recognised:

**Product sales**

Turnover 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 turnover 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.

**Tooling sales**

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover 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 or the costs to complete the contract can be measured reliably.

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

---

**2. Accounting policies (continued)**

**2.5 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.

*The estimated useful lives range as follows:*

|                        |                 |
|------------------------|-----------------|
| Leasehold improvements | - 10 years      |
| Plant & machinery      | - 10 years      |
| Fixtures & fittings    | - 5 to 10 years |

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 Statement of Comprehensive Income.

**2.6 Investments**

Investments in subsidiary undertakings are stated at cost, less any impairment losses.

**2.7 Stocks**

Stocks are stated at the lower of cost and estimated selling price, less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Finished goods include labour and attributable overheads. At each reporting 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 the Statement of Comprehensive Income.

**2.8 Debtors**

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

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectability.

**2.9 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. 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.

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

---

**2. Accounting policies (continued)**

**2.10 Financial instruments**

The Company primarily 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 non-puttable 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 present value of the future cash flows 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 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 Statement of Comprehensive Income.

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 reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position 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.

Derivatives, including forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the Statement of Comprehensive Income.

**2.11 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, 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 2020**

---

**2. Accounting policies (continued)**

**2.12 Government grants**

Grants are accounted under the performance model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Statement of Comprehensive Income as and when the milestones as per the grant are achieved. The income credited to the Statement of Comprehensive Income is equal to the amount of grant income received in the year.

Grants of a revenue nature which do not specify future performance-related conditions are recognised in the Statement of Comprehensive income when the grant proceeds are received or receivable.

**2.13 Foreign currency translation**

**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 reporting date 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 that relate to borrowings, cash and cash equivalents and the Company's trading and activities are presented in the Statement of Comprehensive Income within 'foreign exchange gain or loss'.

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.

**2.14 Finance costs**

Finance costs are charged to the Statement of Comprehensive Income 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.

**2.15 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.

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

---

**2. Accounting policies (continued)**

**2.16 Leases**

Leases are classified as finance leases when they transfer substantially all the risks and rewards of ownership of the leased assets to the Company. Other leases that do not transfer substantially all the risks and rewards of ownership of the leased assets to the Company are classified as operating leases.

For operating leases the rental charges are charged to the Statement of Comprehensive Income on a straight-line basis over the term of the lease.

The Company has entered into some hire purchase agreements for certain machinery assets that include the option to purchase the items at the end of the lease term for a nominal amount, which is expected to be much lower than their fair value at that date. The hire purchase agreements have been classified as finance leases as it is reasonably certain that the option will be exercised.

Rights to use assets and corresponding obligations under finance leases are recognised in the Statement of Financial Position as assets and liabilities at the lower of fair value of the assets and the present value of the minimum lease payments, determined at the inception of the lease.

Lease payments are apportioned between finance charges and reduction of outstanding lease liabilities using the effective interest method, so as to produce a constant rate of interest on the remaining balance of the liabilities. Finance charges are recognised in Statement of Comprehensive Income.

Assets held under finance leases are included in tangible fixed assets and are depreciated and reviewed for impairment in the same way as assets owned outright.

**2.17 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 profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

**2.18 Taxation**

Tax is recognised in profit or loss 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 reporting date in the countries where the Company operates and generates income.

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

---

**2. Accounting policies (continued)**

**2.19 Research and development**

Expenditure on research and development and on patents and trademarks is written off against profit or loss in the period in which it is incurred. The total expenditure on research and development in the year ended 31 December 2020 was £316k (2019 - £421k).

**2.20 Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made.

The effect of the time value of money is not material and therefore the provisions are not discounted.

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

In the application of Company's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period the revision and future periods if the revision affects both current and future periods.

The following are the Company's key sources of estimation uncertainty:

**Debtor provision**

The provision is based on specific debtor balances that management deem at risk of not being recovered. This is regularly reviewed to ensure it is reasonable.

**Stock provision**

Management conduct a regular review of stock and consider if any stock is deemed to be slow moving or obsolete.

**Impairment of assets**

The Company regularly reviews its assets, including investments for indicators of impairment to ensure their carrying value is reasonable.

---

**JOHN MCGAVIGAN LIMITED**

---

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

---

**4. Turnover**

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

|               | <b>2020<br/>£000</b> | <b>2019<br/>£000</b> |
|---------------|----------------------|----------------------|
| Product sales | 4,522                | 8,998                |
| Tooling sales | 660                  | 907                  |
|               | <u>5,182</u>         | <u>9,905</u>         |

|                   | <b>2020<br/>£000</b> | <b>2019<br/>£000</b> |
|-------------------|----------------------|----------------------|
| United Kingdom    | 1,258                | 3,286                |
| Rest of Europe    | 2,418                | 4,673                |
| Rest of the world | 1,506                | 1,946                |
|                   | <u>5,182</u>         | <u>9,905</u>         |

**5. Other operating income**

|                                | <b>2020<br/>£000</b> | <b>2019<br/>£000</b> |
|--------------------------------|----------------------|----------------------|
| Royalties and support services | 965                  | 909                  |
| Grant income                   | 821                  | -                    |
|                                | <u>1,786</u>         | <u>909</u>           |

**6. Operating loss**

The operating loss is stated after charging:

|  | <b>2020<br/>£000</b> | <b>2019<br/>£000</b> |
|--|----------------------|----------------------|
| Research and development costs                 | 316                  | 421                  |
| Depreciation of tangible fixed assets - owned  | 336                  | 313                  |
| Depreciation of tangible fixed assets - leased | 20                   | 44                   |
| Exchange gain - operating activities           | (164)                | (23)                 |
| Operating lease rentals - other                | 17                   | 12                   |
| Operating lease rentals - buildings            | 326                  | 313                  |
| Government grant income                        | (821)                | -                    |
| Defined contribution pension costs             | 161                  | 186                  |
|  | <u></u>              | <u></u>              |



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

---

**7. Auditor's remuneration**

|  | <b>2020<br/>£000</b> | <b>2019<br/>£000</b> |
|--|----------------------|----------------------|
| Fees payable to the Company's auditor for the audit of the Company's annual financial statements | <u>16</u>            | <u>16</u>            |
| <b>Fees payable to the Company's auditor and its associates in respect of:</b>                   |                      |                      |
| Other services relating to taxation  | -                    | 15                   |
| All other services   | <u>6</u>             | <u>11</u>            |
|  | <u>6</u>             | <u>26</u>            |

**8. Employee related costs**

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

|                                    | <b>2020<br/>£000</b> | <b>2019<br/>£000</b> |
|------------------------------------|----------------------|----------------------|
| Wages and salaries                 | 3,482                | 4,419                |
| Social security costs              | 308                  | 447                  |
| Defined contribution pension costs | <u>161</u>           | <u>186</u>           |
|                                    | <u>3,951</u>         | <u>5,052</u>         |

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

|                       | <b>2020<br/>No.</b> | <b>2019<br/>No.</b> |
|-----------------------|---------------------|---------------------|
| Office and management | 5                   | 6                   |
| Selling               | 6                   | 6                   |
| Production            | <u>128</u>          | <u>165</u>          |
|                       | <u>139</u>          | <u>177</u>          |

---

**JOHN MCGAVIGAN LIMITED**

---

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

---

**9. Directors' remuneration**

|                       | <b>2020<br/>£000</b> | <b>2019<br/>£000</b> |
|-----------------------|----------------------|----------------------|
| Directors' emoluments | <u>239</u>           | <u>333</u>           |

The highest paid Director received remuneration of £130,140 (2019 - £187,000).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £NIL (2019 - £NIL).

**10. Income from fixed asset investments**

|                 | <b>2020<br/>£000</b> | <b>2019<br/>£000</b> |
|-----------------|----------------------|----------------------|
| Dividend income | <u>4,090</u>         | <u>7,563</u>         |

**11. Interest payable and similar expenses**

|  | <b>2020<br/>£000</b> | <b>2019<br/>£000</b> |
|--|----------------------|----------------------|
| Other loan interest payable                | -                    | 2                    |
| Finance leases and hire purchase contracts | <u>6</u>             | <u>10</u>            |
|  | <u>6</u>             | <u>12</u>            |

**12. Other finance income**

|  |           |           |
|--|-----------|-----------|
| Foreign exchange gain - financing activities | <u>60</u> | <u>84</u> |
|--|-----------|-----------|

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

**13. Taxation**

|  | <b>2020<br/>£000</b> | <b>2019<br/>£000</b> |
|--|----------------------|----------------------|
| <b>Corporation tax</b>                           |                      |                      |
| Adjustments in respect of prior periods          | 14                   | (128)                |
| <b>Foreign tax</b>                               |                      |                      |
| Withholding tax on foreign income                | 114                  | 108                  |
| Withholding tax on foreign dividend income       | 207                  | 378                  |
|  | <u>321</u>           | <u>486</u>           |
| <b>Taxation on profit on ordinary activities</b> | <u>335</u>           | <u>358</u>           |

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

|  | <b>2020<br/>£000</b> | <b>2019<br/>£000</b> |
|--|----------------------|----------------------|
| Profit on ordinary activities before tax   | <u>2,921</u>         | <u>6,861</u>         |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%) | 555                  | 1,303                |
| <b>Effects of:</b>   |                      |                      |
| Expenses not deductible for tax purposes   | 2                    | 3                    |
| Capital allowances for year in excess of depreciation  | (22)                 | (19)                 |
| Exempt dividend income   | (777)                | (1,437)              |
| Withholding tax on foreign income  | 321                  | 486                  |
| Research and development tax credit  | (14)                 | -                    |
| Adjustments to tax charge in respect of previous periods   | 14                   | (128)                |
| Tax losses not recognised  | -                    | 141                  |
| Non-taxable income   | -                    | (8)                  |
| Adjustments to tax charge in respect of deferred tax   | <u>256</u>           | <u>17</u>            |
| <b>Total tax charge for the year</b>   | <u>335</u>           | <u>358</u>           |

---

**JOHN MCGAVIGAN LIMITED**

---

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

---

**14. Redundancy costs**

|                  | <b>2020<br/>£000</b> | <b>2019<br/>£000</b> |
|------------------|----------------------|----------------------|
| Redundancy costs | <u>14</u>            | <u>152</u>           |

**15. Tangible fixed assets**

|  | <b>Leasehold<br/>improvements<br/>£000</b> | <b>Plant &amp;<br/>machinery<br/>£000</b> | <b>Fixtures &amp;<br/>fittings<br/>£000</b> | <b>Total<br/>£000</b> |
|--|--|---|---|-----------------------|
| <b>Cost</b>                            |  |   |   |                       |
| At 1 January 2020                      | 94   | 4,505                                     | 119   | 4,718                 |
| Additions                              | 17   | 414                                       | 6   | 437                   |
| At 31 December 2020                    | <u>111</u>                                 | <u>4,919</u>                              | <u>125</u>                                  | <u>5,155</u>          |
| <b>Depreciation</b>                    |  |   |   |                       |
| At 1 January 2020                      | 14   | 2,512                                     | 60  | 2,586                 |
| Charge for the year on owned assets    | 11   | 310                                       | 15  | 336                   |
| Charge for the year on financed assets | -  | 20  | -   | 20                    |
| At 31 December 2020                    | <u>25</u>                                  | <u>2,842</u>                              | <u>75</u>                                   | <u>2,942</u>          |
| <b>Net book value</b>                  |  |   |   |                       |
| At 31 December 2020                    | <u>86</u>                                  | <u>2,077</u>                              | <u>50</u>                                   | <u>2,213</u>          |
| At 31 December 2019                    | <u>80</u>                                  | <u>1,993</u>                              | <u>59</u>                                   | <u>2,132</u>          |

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

|                     | <b>2020<br/>£000</b> | <b>2019<br/>£000</b> |
|---------------------|----------------------|----------------------|
| Plant and machinery | <u>155</u>           | <u>318</u>           |

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

---

**16. Investments**

The Company owns the entire share capital of McGavigan Decorative Technologies (Suzhou) Co. Ltd.

The Company's subsidiary undertaking is incorporated in China.

The principal activity of McGavigan Decorative Technologies (Suzhou) Co. Ltd. is the manufacture of technical and decorative components, primarily for the automotive industry.

The Company owns the entire share capital of McGavigan GmbH.

The Company's subsidiary undertaking is incorporated in Germany.

The principal activity of McGavigan GmbH is sales and engineering support facility for the McGavigan Group.

John McGavigan Limited has taken advantage of the exemption within Chapter 4 of Part 15 of the Companies Act 2006 and is not preparing group accounts. These financial statements therefore present information about the Company as an individual undertaking and not about its group. The results of the companies are included in the consolidated accounts of McGavigan Holdings Limited, a Company incorporated in England. This is the largest and smallest group into whose consolidated accounts the companies's financial information is consolidated.

|                          | <b>Investments<br/>in<br/>subsidiary<br/>companies<br/>£000</b> |
|--------------------------|---|
| <b>Cost or valuation</b> |   |
| At 1 January 2020        | 5,341   |
| Additions                | 1,656   |
| At 31 December 2020      | <u>6,997</u>  |
| <b>Net book value</b>    |   |
| At 31 December 2020      | <u>6,997</u>  |
| At 31 December 2019      | <u>5,341</u>  |

---

**JOHN MCGAVIGAN LIMITED**

---

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

---

**17. Stocks**

|                  | <b>2020<br/>£000</b> | <b>2019<br/>£000</b> |
|------------------|----------------------|----------------------|
| Raw materials    | 420                  | 382                  |
| Work in progress | 306                  | 373                  |
| Finished goods   | 92                   | 190                  |
|                  | <u>818</u>           | <u>945</u>           |

**18. Debtors: Amounts falling due within one year**

|  | <b>2020<br/>£000</b> | <b>2019<br/>£000</b> |
|--|----------------------|----------------------|
| Trade debtors                                | 837                  | 958                  |
| Amounts owed by group undertakings (Note 26) | 2,780                | 1,353                |
| Other debtors                                | 246                  | 332                  |
|  | <u>3,863</u>         | <u>2,643</u>         |

**19. Cash and cash equivalents**

|                          | <b>2020<br/>£000</b> | <b>2019<br/>£000</b> |
|--------------------------|----------------------|----------------------|
| Cash at bank and in hand | <u>1,494</u>         | <u>1,034</u>         |

---

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

---

**20. Creditors: Amounts falling due within one year**

|  | <b>2020<br/>£000</b> | <b>2019<br/>£000</b> |
|--|----------------------|----------------------|
| Bank overdraft facility                      | 496                  | -                    |
| Trade creditors                              | 759                  | 570                  |
| Amounts due on contracts                     | 69                   | 88                   |
| Amounts owed to group undertakings (Note 26) | 72                   | 109                  |
| Other taxation and social security           | 88                   | 92                   |
| Finance leases (Note 22)                     | 47                   | 51                   |
| Other creditors                              | 122                  | 187                  |
|  | <u>1,653</u>         | <u>1,097</u>         |

The finance leases are secured by the lessors' title to the leased assets.

**21. Creditors: Amounts falling due after more than one year**

|                          | <b>2020<br/>£000</b> | <b>2019<br/>£000</b> |
|--------------------------|----------------------|----------------------|
| Finance leases (Note 22) | 59                   | -                    |
| Withholding tax          | 267                  | 178                  |
|                          | <u>326</u>           | <u>178</u>           |

**22. Hire purchase and finance leases**

Minimum lease payments under hire purchase fall due as follows:

|                   | <b>2020<br/>£000</b> | <b>2019<br/>£000</b> |
|-------------------|----------------------|----------------------|
| Within one year   | 47                   | 51                   |
| Between 1-2 years | 47                   | -                    |
| Between 2-5 years | 12                   | -                    |
|                   | <u>106</u>           | <u>51</u>            |

---

**JOHN MCGAVIGAN LIMITED**

---

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

---

**23. Share capital**

|  | <b>2020</b> | <b>2019</b> |
|--|-------------|-------------|
|  | <b>£000</b> | <b>£000</b> |
| <b>Allotted, called up and fully paid</b>            |             |             |
| 50,000 (2019 - 50,000) Ordinary shares of £1.00 each | 50          | 50          |

**24. Reserves****Capital contribution reserve**

This represents the amount above the nominal value received for issued share capital, less transaction costs.

**Profit & loss account**

This represents the accumulated profits and losses available for distribution.

**25. Pension commitments**

The Company operates a defined contribution pension scheme. The pension cost charge represents contributions payable by the Company to the fund and amounted to £160,636 (2019 - £186,403). At 31 December 2020 contributions amounting to £19,957 (2019 - £20,104) were payable to the fund.

**26. Commitments under operating leases**

At 31 December 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

|  | <b>2020</b> | <b>2019</b> |
|--|-------------|-------------|
|  | <b>£000</b> | <b>£000</b> |
| <b>Plant, Equipment and Vehicles</b>         |             |             |
| Not later than 1 year                        | 7           | 9           |
| Later than 1 year and not later than 5 years | 9           | 15          |
|  | <u>16</u>   | <u>24</u>   |
|  | <b>2020</b> | <b>2019</b> |
|  | <b>£000</b> | <b>£000</b> |
| <b>Land and Buildings</b>                    |             |             |
| Not later than 1 year                        | 323         | 313         |
| Later than 1 year and not later than 5 years | 188         | 444         |
|  | <u>511</u>  | <u>757</u>  |



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

---

**27. Related party transactions**

The Company is included in the consolidated Financial Statements of McGavigan Holdings Limited, the ultimate parent Company, which are publicly available. Accordingly, the Company has taken advantage of the exemption offered by FRS 102 from the requirement to disclose transactions with other wholly owned undertakings within the McGavigan Holdings Limited Group.

**28. Ultimate parent company and controlling party**

The Company's immediate parent company is Lemac No.1 Limited.

The entire share capital of Lemac No.1 Limited is held by McGavigan Corporate Limited.

The ultimate parent undertaking and controlling party is McGavigan Holdings Limited. A set of the parent company financial statements is available on request from 111 Westerhill Road, Bishopbriggs, Glasgow, G64 2QR.

The Directors are of the opinion that the ultimate controlling party is funds managed by Maven Capital Partners UK LLP.