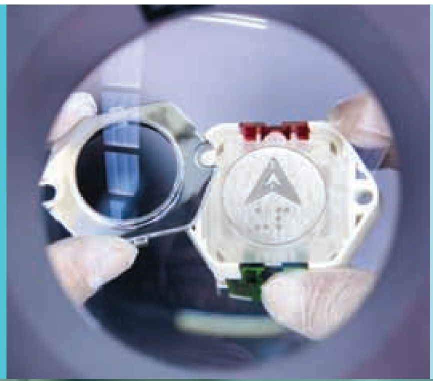
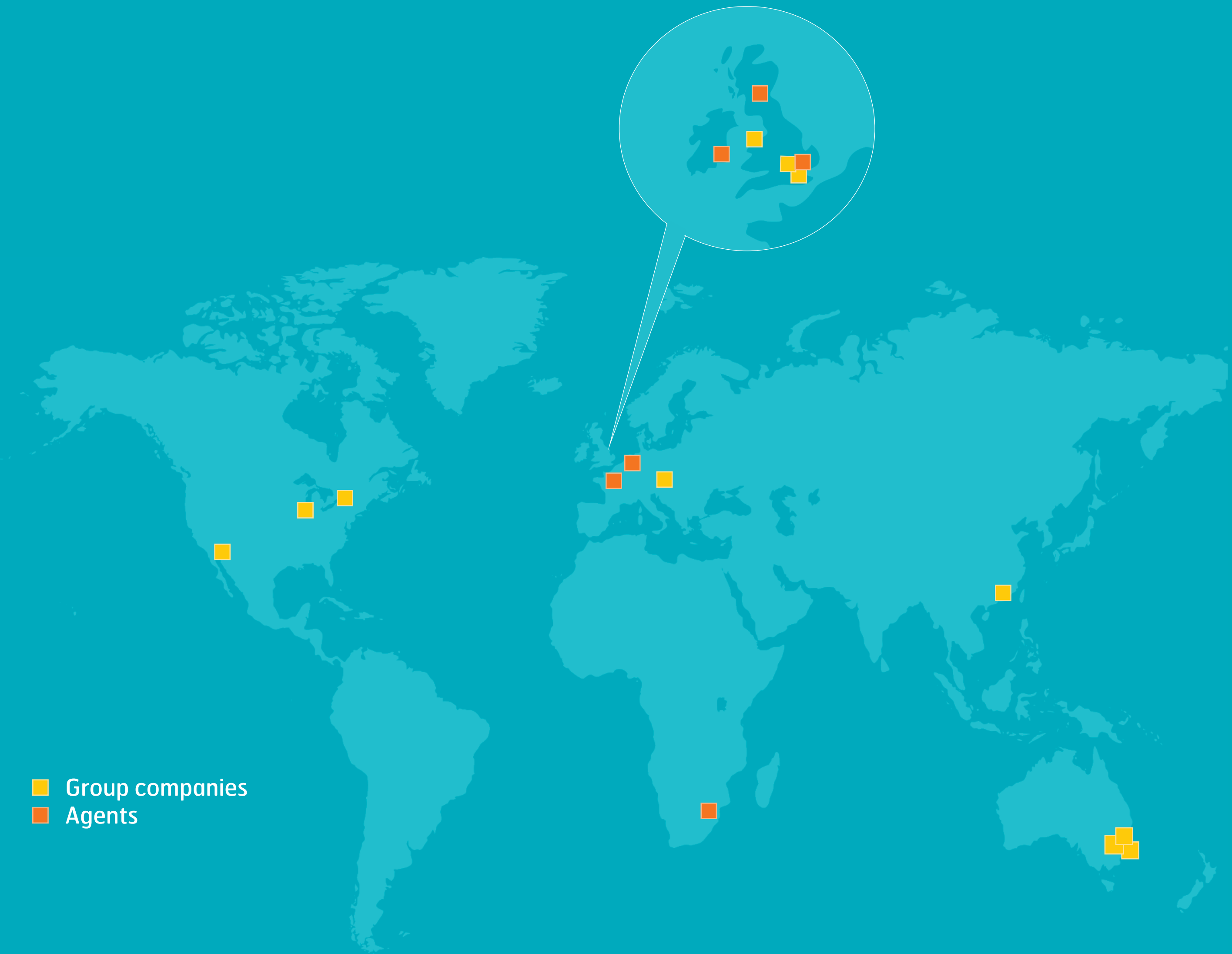
Annual report and accounts 2012



dewhurst

Dewhurst worldwide



Group companies
Agents

Financial highlights

	2012 £(000)	2011 £(000)
Group revenue	**£51,555**	£41,487
Operating profit*	**£5,605**	£4,880
Earnings per share	**44.48p**	34.35p
Dividends per share	**12.02p**	6.69p

* Operating profit before goodwill write down and gain on property disposal

Revenue
+24%

Revenue £ million	
2008	36.3
2009	35.8
2010	37.0
2011	41.5
2012	51.6

Operating profit* £ million	
2008	4.4
2009	4.5
2010	4.9
2011	4.9
2012	5.6

Operating profit*
+15%

Earnings per share
+29%

Earnings per share pence	
2008	38.92
2009	38.43
2010	40.97
2011	34.35
2012	44.48

Dividend per share pence		
2008	5.76	
2009	6.06	
2010	6.36	
2011	6.69	
2012	7.02	12.02†

† Includes special dividend of 5p per share

Dividend per share
+80%

It has been an eventful year, but one in which we have made good progress

Richard Dewhurst Chairman

I am delighted to be able to report record sales and profits for the Group this year. Sales were up 24% to £51.6 million (2011: £41.5 million), operating profit before goodwill and an exceptional gain from the sale of the property was £5.6 million (2011: £4.9 million) and profit before tax was £5.4 million (2011: £4.3 million) up 26%.

This would have been a good performance in any year but in the current market conditions I believe it is excellent.

Photograph supplied by Elevation Magazine

Business Secretary Vince Cable cuts the ribbon to open Dewhurst's new head office and factory.

The improvement was broadly based, with growth in all three product divisions. Geographically, sales improved in the UK, Europe and the Far East. The only area not really showing improvement was North America which was broadly flat. The lift and keypad markets held up in the second half, but the transport sector was more difficult.

For the year as a whole keypad sales and Thames Valley Controls (TVC) were the strongest contributors to growth. TVC sales were bolstered by the new Hall Call Destination Product and good performance on remote monitoring products.

The Group's employees have performed really well to achieve these results and I would like to thank them for their continued effort and dedication.

Property

As reported at the half year we moved our headquarters and main Hounslow factory in December 2011. The team responsible for this did an excellent job as we moved in on time according to plan. Inevitably there was some disruption during January and February as we got to grips with our new facilities, but we did our best to keep this to a minimum. I would like to thank our customers for their forbearance during this time.

The premises were formally opened by the Secretary of State for Business, Innovation and Skills in June and we were happy to welcome a number of customers and suppliers to this event.

We completed the sale of our Inverness Road premises in early March after some lengthy negotiation. This provided a significant cash boost to the Group and as a result the directors are proposing a special one off additional dividend of 5 pence per share.

Acquisitions

During the year we completed our acquisition of ERM on the basis of our agreement with the shareholders in July 2010. The US market has remained tough, but we have now recruited a new general manager to drive the business forward.

Outlook

Keypad sales were unusually high this year. It is anticipated that these sales will revert to more normal levels in the coming year.

Our concerns expressed at the half year have proved well founded as the new year has started slowly. Customer confidence in the UK has deteriorated and uncertainty has crept back in. Transport demand remains weak due to Local Authority and Central Government cutbacks. However we have some potential in new products coming on stream during the year and an acquisition opportunity we are currently pursuing that may help to offset performance elsewhere.

Alan Dewhurst

28 April 1923 – 5 October 2012

It is with great sadness that we have to report the death of Alan Dewhurst, who worked for the company for 46½ years, 29 years as Chairman.

He joined the company in 1951 starting in the Controller Test Department. He progressed to Head of that department, then on to Head of Product Design and subsequently added responsibility for Production. He became Chairman in 1962 on the death of his father Melbourne Dewhurst who had founded the company back in 1919.

It is true to say that father was Dewhurst through and through having been born in a cottage on Inverness Road that ultimately was demolished and became the Main Offices – so he worked within a few feet of where he had been born.

Design was his true love and he developed many of the products that became classics and key elements of the company's success. He was rightly proud of the Design Award won in 1976 for the US81 vandal resistant pushbutton, presented to him by the Duke of Edinburgh. He was able to visualise products in his mind and thought them through before committing pen to paper. As a result once he had started something he was able to produce the design very quickly. He worked hard to simplify things, long before lean manufacturing was talked about and he invested heavily in new technologies to reduce the costs of production. He introduced injection moulding and laser cutting to the company, both of which are key technologies for us now.

Father carried us through some very difficult times for UK manufacturing – the 1970s were particularly tough and many traditional control gear companies disappeared during that time. In fact Dewhurst plc is the only such company to survive as an independent entity today. Not only did he carry us through, but he laid the foundations for our current success focussed particularly on pushbuttons and keypads. The values he espoused for the business are the core values we hold true to today.

Although in many ways he was conservative, he was also forward looking. I am very pleased that he was with us to see our move from Inverness Road. Despite his links with that site he was delighted with our new building and was pleased to be able to celebrate its opening in June.

He was a demanding boss, expecting high standards of those who worked for him, but he was also a kind and caring employer. He will be sorely missed.

We have achieved broadly based growth across our operations this year

David Dewhurst Group Managing Director

We have enjoyed a good year in the majority of our geographical markets. Over the last three or four years we have found that end customers have generally held back from spending unless it is absolutely necessary. This has flowed through to reduced spending on modernisation of lifts. However, we have found that this year many customers have been unable to put off overdue investment in their lifts any longer and there has been a definite increase in modernisation work. We have certainly benefitted in many of our businesses from the renewed activity that this has created.

In what has been a busy year we have had tremendous input from all our employees and we are very grateful for their hard work and significant contribution to this year's success.

United Kingdom

DEWHURST UK MANUFACTURING

This was an eventful and fruitful year at Dewhurst UK, with some significant changes taking place.

As we indicated in last year's report, we decided to restructure our UK businesses. We have moved the fixture and component supply for the UK back into Dewhurst UK and this has been an almost seamless change. Dewhurst UK now has a Sales Team of three people who have worked hard to interact with the customer base and build sales of all lift products but we have especially focussed on fixtures. We have achieved a reasonable amount of success in terms of sales growth in this area. In other areas, we have benefitted from the improved lift market and demand for many of our components such as displays, pushbuttons, locks and key switches has increased.

The move from our Inverness Road site to our new facility in Feltham seems a distant memory but it was a significant milestone in the year and also in the Company's history! The move took place over the last two weeks of December 2011 and the first two weeks of January 2012. It went very smoothly and essentially to plan. There was not a single day during the move when production or invoicing was totally compromised and significantly in January we achieved above budget invoicing in the month when we had carried out the largest element of our move.

Although things went as well as expected, obviously there was some impact on production and our on time deliveries dipped in January and February of 2012. We recovered after that but achieved only 90%, so we will be working hard during the coming year to restore on time deliveries to above 95%. The business has undergone a period of about 18 months during which the move has been all consuming and

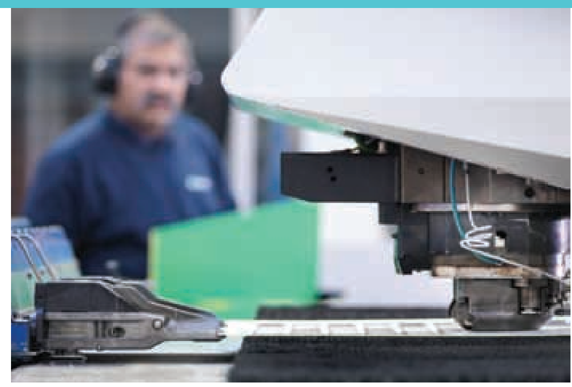
we have not been able to instigate new lean programmes across our manufacturing. We are now in a position to once again focus on our processes and look to improve them across all areas.

Our design teams have also been busy and have developed a number of new products. The main focus has been on our hall lantern products where we are developing new designs for 'Blade' hall lanterns that we will be able to sell not only in the UK but also through our subsidiary companies around the world. The Jumbo pushbutton has also been redesigned to make it both easier to manufacture and to install.

THAMES VALLEY CONTROLS (TVC)

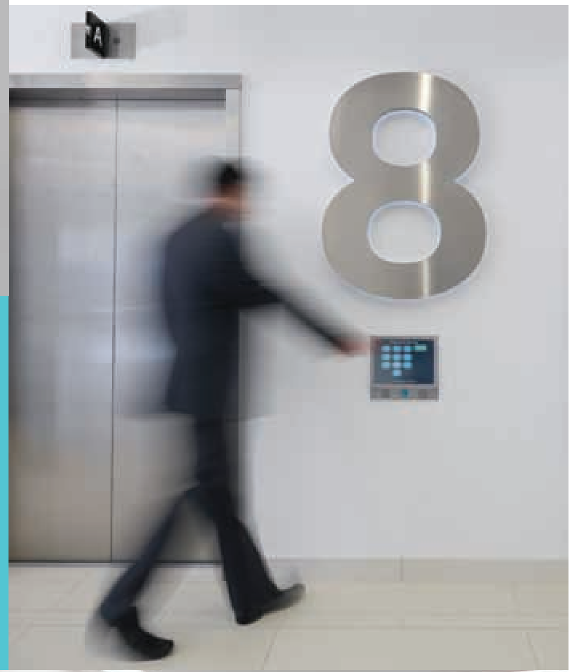
This has been the first year of operation for the newly reformed Thames Valley Controls. As previously reported, with Dewhurst UK Manufacturing taking over the supply of the lift fixtures and components, TVC have focussed their activities

Increased efficiency in our new factory



New premises

We now have a much cleaner, brighter and more energy efficient factory for our employees, which gives them a better working environment. We have optimised the factory layout for our current demand, but have designed in as much flexibility as possible so that we can adapt to potential future changes.



Developing customer focused products

Destination Control System

Our system has been integrated with a turnstile security system and installed as part of the major refurbishment of a large office building in Canary Wharf. Staff swipe their card to gain access and are directed immediately to the correct lift to take them to their floor.

on the manufacture and supply of Lift Control Products and Lift Monitoring Systems.

TVC have had an excellent first year with strong sales and a good contribution to Group profits.

The significant development work that we carried out for our flagship product Navigator: the Ethos Hall Call Destination System, bore fruit. We delivered a number of these systems throughout the year. Some of these installations are now fully commissioned and the feedback from customers and users alike has been very positive. Further development of the Navigator product has also taken place in the year, driven by customer requirements. For example, one project that we won in Canary Wharf required us to integrate a turnstile security system into Navigator. When staff swipe their card to gain access to the lift lobby, a call is automatically registered with the lifts and the staff are directed immediately to the lift that will take them to their floor. This speeds up traffic flow and improves security.

The upturn in the modernisation market also benefitted TVC and the excellent reputation of our Ethos controller in the market led to strong sales of the product through the year. The market remains very price-competitive and we have worked hard throughout the year to drive down the cost of manufacture to enable us to stay competitive in the long term.

Demand for our monitoring products has also remained strong and we have continued to invest in our reporting system, CMS Anywhere, to ensure that it is compatible with the wide range of software platforms our customers now use.

TRAFFIC MANAGEMENT PRODUCTS (TMP)

Despite reduced Government spending and increased competition TMP delivered good sales growth on the previous year.

Margins however remain under significant pressure as Local Authorities continue to implement spending cuts with price becoming the key determinant in product selection.

In response to such threats TMP have commenced a lean and continuous improvement programme and are working closely with their supply chain to ensure goals are aligned and the required efficiency and cost improvement are achieved.

TMP's commitment to new product development has continued with the Apollo sign lights, due for launch in January 2013, which will be followed by further product launches before the end of next year.

CORTEST

Cortest achieved a record year with significant sales growth achieved through the delivery of two large PFI schemes.

The client base has continued to expand as we increase both the number of blue chip engineering companies and Local Authorities with whom we do business. However, as seen

Our new self-fronting bollard base was launched this year; it is simpler and performs better than our previous base.

with TMP, Local Authority budget cuts have impacted margins and restricted our larger opportunities to PFI schemes.

We have made changes to the operational structure during the year to improve the effectiveness of the business to cope with fluctuating demand and we will continue to assess how best to meet these requirements going forward.

Europe

DEWHURST HUNGARY

Hungary had a strong year for sales. Just over half this growth was generated due to a change in the content of a product that we supply to a key customer. A relatively expensive component in the product that was originally free issued, had to be purchased by Dewhurst Hungary. Unfortunately, it was then sold on with a relatively low handling charge. Having said that, demand for all Hungary's product was strong throughout the year and even without this change Hungary would have shown good sales growth.

Throughout the year, the team at Dewhurst Hungary have carried out a large number of relatively small Kaizen projects to continuously improve our assembly processes. These have been quite successful, leading to small but important reductions in cycle times and also helping to improve our quality levels.

Despite being under constant price pressure, we are also under pressure to continuously improve quality standards and we have been able to drive our number of rejected parts down quite considerably over the last twelve months. We have invested in a state of the art Coordinate Measuring Machine, which allows us to measure the critical dimensions of components. This ensures that we have good control of the quality of piece parts, whether they be moulded, die cast or machined.

North America

DUPAR CONTROLS

Dupar had another solid year and performed in a broadly similar way to last year. The market in North America continues to be difficult, so to hold their own in this environment was a creditable achievement.

There has been significant focus throughout the year on trying to make sure that our products are as quick and simple to install as possible. We now have a large number of jobs where customers free issue us their pushbutton control printed circuit boards. We then fully wire everything up, so that when our car stations arrive on site all the lift company needs to do is to connect up to the connectors on these boards and the installation of the car station is complete.

The Cube Lift Identifier provides all round visibility for Destination Control Systems with large lift lobbies.

This can save many hours of installation time and is a huge cost benefit to our customers.

Dupar continue to work hard to continuously improve their processes. Good progress has been made in ensuring the minimum of programming is required to interface the drawings they produce for each job, with their laser cutter and engraving machines. With jobs moving seamlessly through these two sections we have been able to improve our efficiency and throughput at Dupar.

ELEVATOR RESEARCH AND MANUFACTURING (ERM)

It has been another difficult year at ERM but we are confident that the changes we have made during the year will put us in a much stronger position for the coming year.

We carried out a major audit of the business early in the year and this has led to a fairly significant reorganisation of ERM in terms of the layout of our manufacturing space and also our product offering. In terms of manufacturing, we have been able to reduce the space in which we operate and this has allowed us to vacate two of the buildings that we leased. We have moved our fixture operation into a newer, more convenient building (one we were already leasing). Moving this part of the operation enabled us to have a clean sheet with regard to layout of our processes, so we now have a much better flow of work around the manufacturing space.

At the same time we have rationalised our product range and dropped two product lines which were no longer profitable. These changes leave us with a leaner and more efficient business, which is more able to compete in the current environment.

Clive Mann who had been running ERM for the past decade retired during the year and we welcome Barnet Rogers, who has taken up the role as the new General Manager of ERM. He has already implemented a number of positive changes and we wish him every success in the future.

Australasia and Asia

AUSTRALIAN LIFT COMPONENTS (ALC)

ALC reported a good increase in sales on the back of a healthy Australian market that benefitted all Group Companies in the region. Demand for fixture products was very strong with a number of large modernisation projects being completed through the year.

ALC aims to be the supplier of choice for high quality installations in Australia, so it was pleasing that this year we have provided fixtures for such iconic venues as the Sydney Opera House and the Melbourne Cricket Ground.

LIFT MATERIAL

Lift Material had a reasonable year, again benefitting from strong demand for lift components.

In the middle of the year we signed an agreement with Escalator Handrail Company (EHC) of Canada to distribute and install their handrails. EHC are a world leader in the escalator handrail market and have some excellent new products. We will be focussing on the supply and installation of their range of thermoplastic handrails. These have the advantage of superior resistance to delamination, drive, slippage, dust and vandalism compared with conventional handrails. These new handrails also have an extended life, so the frequency of change – out is reduced. After extensive training, Lift Material are now accredited to carry out the onsite installation (splicing) of the EHC handrails and in the last quarter of the year they carried out their first installations. We are confident that this will be a strong product line for us over the medium term.

JAS ENGINEERING

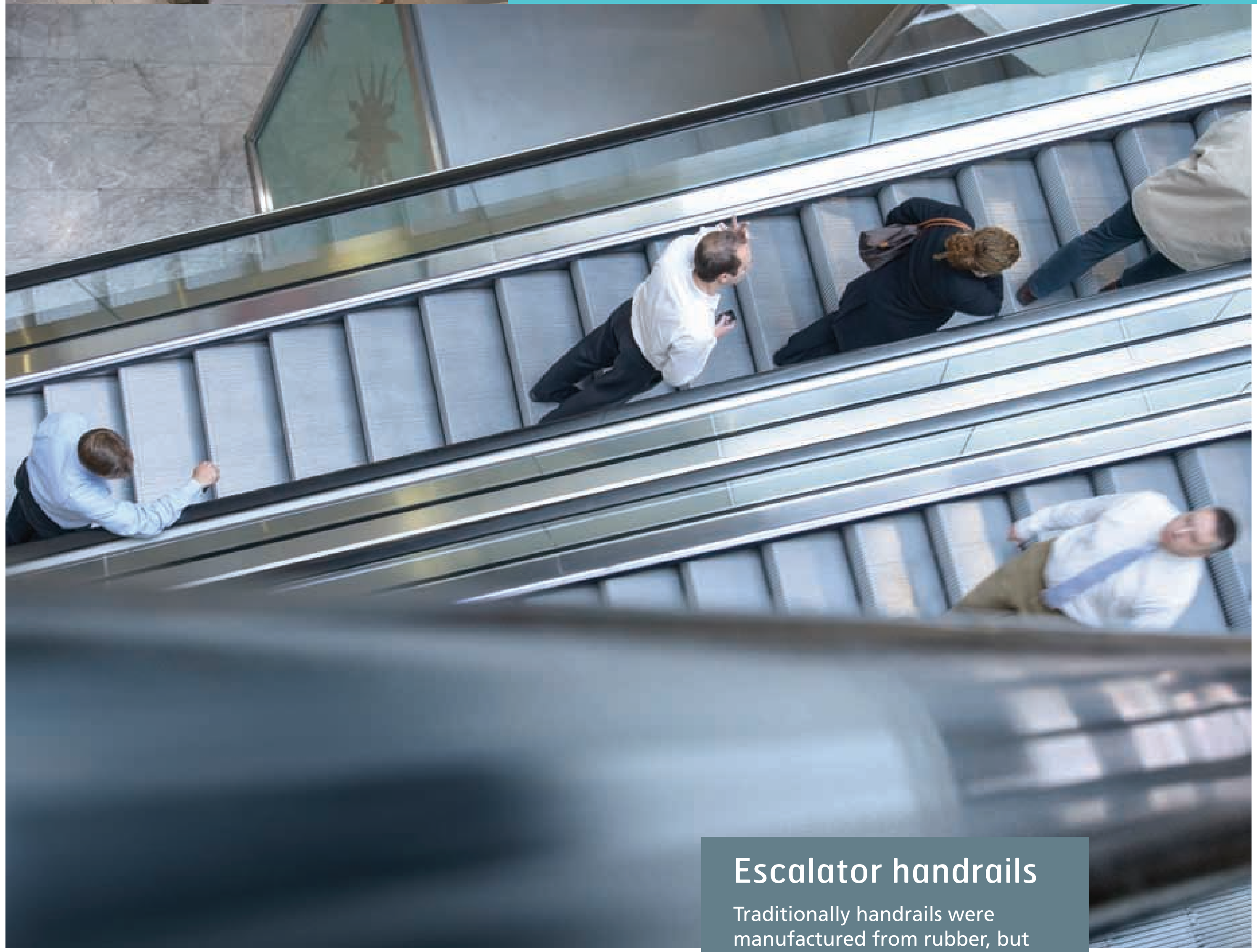
In their first full year within the Dewhurst Group JAS had good sales and although margins improved there is still more work to be done on improving efficiency. We have carried out initial lean training and implementation of a number of ideas generated will lead to some reorganisation of the operation.

DEWHURST HONG KONG

Dewhurst Hong Kong have built on their strong performance last year with another excellent year of sales and profit growth.

After some slower years, the Hong Kong market has stabilised and there is a steady flow of major infrastructure projects which lead to good demand for our products.

Broadening the scope of our services



Escalator handrails

Traditionally handrails were manufactured from rubber, but EHC's latest product is made from thermoplastic. Handrails have to be formed into a continuous loop by splicing the two ends together. It is much cleaner and less costly to splice thermoplastic and Lift Material are now providing this service across Australia.

The sale of the premises has restored our cash balances to enhance our financial stability

Jared Sinclair Finance Director

Dewhurst returned a record year on revenue and profits with double digit sales growth across all three business sectors. Strong global sales in keypad products was aided by £3.1 million of additional pass through revenue but even without these additional sales, the keypad growth was still double digit. The lift sector's growth came from good fixture and component sales in Asia and Australasia along with solid sales in the UK and despite the UK transport sector facing a tough and challenging year, sales of bollards and non-destructive testing grew. Overall revenue increased 24.3% from £41.5 million to £51.6 million whilst operating profit before goodwill write down and the gain on the property disposal grew by 14.9% from £4.9 million to £5.6 million.

Goodwill write down

Despite strong Group results, Dewhurst plc needed to take a prudent view on three subsidiaries and write down their respective goodwill amounts. ERM, our US corporation, faced with a struggling US economy continued to make losses and so was fully written down. A new general manager has been recruited and steps have been taken to address the losses. TMP improved performance, but was still short of its original purchase valuation and so required a goodwill write down. And finally, Dewhurst UK Manufacturing Ltd, having absorbed the Switching Components pushbutton range into its operations back in 2007, has seen a conversion of customers across to the Dewhurst pushbutton range over the years. This now requires its goodwill to be written down. More information can be found in note 10 to the accounts.

Gain on disposal of Inverness Road

The sale of the Inverness Road property is detailed in the report of the directors but as the gain was material at £3.9 million it has been separately disclosed on the face of the consolidated income statement. After taking professional advice it is the company's belief that capital gains tax roll-over relief will be available and the transaction has been accounted for on that basis.

Strengthened cash position

Cash flow was once again very good with £4.9 million of cash being generated from operations despite pension contributions of £1.4 million. The Group spent £0.8 million, as planned, completing the re-development of the Hampton Business Park property prior to moving in as well as spending £0.6 million acquiring the final stake in ERM. The £4.5 million net proceeds from the sale of Inverness Road ensured the Group ended the year with cash and short-term deposits at a very respectable £11.1 million. This is aligned with the Group's philosophy of maintaining a strong cash position together with minimal borrowing.

We started and finished the year with no borrowing and last year's precautionary £2.0 million secured bank overdraft facility was cancelled.

Pension scheme deficit

A more detailed analysis of the retirement benefit fund assets and liabilities movements is reported in note 22 under IAS 19, but this year has seen the scheme deficit increase by £2.6 million from £9.3 million to £11.9 million. Although the scheme was closed to future accrual from 1 October 2010 and the company has paid £1.4 million annually since then into the scheme this and any asset return has been more than offset by this year's change in assumptions, specifically the liability discount used. The liability discount is used to calculate the net present value of future liabilities and is traditionally based upon the 15 year AA bond yields. The yield in the past year has dropped from 5% to 4% and this one assumption change has had approximately a £6.0 million negative impact on the scheme position.

The Group will continue to pay a fixed sum of £1.4 million annually to reduce the defined benefit pension scheme deficit and all recommendations made by the scheme's actuary to eliminate the scheme deficit within an agreed timeframe have been fully implemented.

Treasury policy

The Group seeks to reduce or eliminate financial risk to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The policies and procedures operated are regularly reviewed and approved by the board. By varying the duration of its fixed and floating cash deposits, the Group maximises the return on interest earned.

With just over half of profit before tax earned and held in foreign currencies the Group continues to hedge internally where possible and to consider the need to use derivatives in the form of foreign exchange contracts to manage its currency risk, as reported in note 25.

Dividends

Although the pension deficit remains a concern and a liability to be funded, the directors consider that some of the cash generated by the sale of Inverness Road should be returned to shareholders. They are therefore recommending a 5p special dividend in addition to the normal dividend of 7.02p. The total dividend for 2012 of 12.02p per share, up 79.7% against last year's 6.69p, is covered 3.7 times by earnings. Total equity declined from £21.8 million to £21.6 million. Dividends are accounted for when paid or approved by shareholders, and not when proposed, therefore the proposed final dividend for 2012 has not been accrued at the balance sheet date.

There was no change in the number of allotted shares during the year.

Special extra dividend

5p/share

Group five year review

	2008 £(000)	2009 £(000)	2010 £(000)	2011 £(000)	**2012 £(000)**
Revenue	36,326	35,835	36,975	41,487	**51,555**
Operating profit before goodwill write down and gain on property disposal	4,352	4,511	4,871	4,880	**5,605**
Operating profit	4,352	4,511	4,871	4,424	**5,660**
Profit before taxation	4,679	4,428	4,827	4,320	**5,442**
As a percentage of total equity	26.2%	22.7%	22.9%	19.9%	**25.2%**
Taxation	1,238	1,157	1,339	1,428	**1,688**
Profit after taxation	3,441	3,271	3,488	2,892	**3,754**
Total equity	17,883	19,480	21,087	21,754	**21,564**
Earnings per share, basic and diluted	38.92p	38.43p	40.97p	34.35p	**44.48p**
Dividends per share	5.76p	6.06p	6.36p	6.69p	**12.02p**

Board of directors

Richard Dewhurst
BA (Eng Sc), ACMA
Chairman, 56, joined in 1985. Previously with Ford Motor Co, Ernst & Whinney Senior Management Consultant.

David Dewhurst
BSc (Elec Eng)
Group Managing Director, 51, joined in 1987. Previously with Holmes & Marchant plc.

Jared Sinclair
BSc, ACA
Finance Director, 42, joined in 1997. Previously with Moores Rowland, Chartered Accountants, Audit Senior.

Richard Young
MBA, BSc, CEng, MIET
Managing Director – Thames Valley Controls, 56, joined in 1996. Previously with MBM Technology Ltd, Director and General Manager.

John Bailey
Managing Director – TMP & Cortest, 42, joined in 2008. Previously with Brett Landscaping & Building Products, Commercial Director.

Peter Tett
MA, MSc
Non-executive Director, 73, joined in 2000. Previously with Halma plc, Director.

Report of the directors

The directors present their annual report on the affairs of the Group together with the financial statements and auditor's report for the year ended 30 September 2012.

Results and dividends

The trading profit for the year, after taxation, amounted to £3.8 million (2011: £2.9 million).

A 5p special dividend in addition to the normal final dividend on the Ordinary and 'A' non-voting ordinary shares of 4.68p per share (2011: 4.46p) for the financial year ended 30 September 2012 will be proposed at the Annual General Meeting (AGM) to be held on 5 February 2013. If approved, this dividend will be paid on 21 February 2013 to members on the register at 18 January 2013.

An interim dividend of 2.34p per share (2011: 2.23p) was paid on 28 August 2012.

A final dividend of 4.46p which amounted to £380k for the financial year ended 30 September 2011 was approved at the AGM held on 26 January 2012 and was paid on 14 February 2012 to members on the register at 13 January 2012, compared with 4.24p the previous year (£361k).

Principal activities and review of the business

The company and Group principal activity, in the course of the year, continued to be the manufacture of electrical components and control equipment for industrial and commercial capital goods. The Group maintained its position as a specialist supplier of equipment to lift, transport and keypad sectors. A business review of the Group's operations is dealt with on pages 4–9, a commentary on treasury policy is dealt with in the financial review and financial instruments are disclosed within note 25 to the financial statements. The directors believe that the key financial performance indicators relevant to the Group are earnings per share, operating profit, profit before tax and return on equity which are stated in the five year review on page 11. The key non-financial performance indicators relevant to the Group are lead times and on-time deliveries to our customers. The board is informed at every meeting of the principal risks and uncertainties across the Group which could have a material impact on the Group's long and short term performance and action plans to mitigate these risks. The Group's risk assessment process is designed to identify, manage and mitigate business risks.

Change of registered office

On 21 December 2011, having successfully moved into the new premises, Dewhurst plc changed its registered address to Unit 9 Hampton Business Park, Hampton Road West, Feltham, TW13 6DB.

Sale of freehold property

On 4 March 2012, Willowcharm Ltd paid £6.0 million (£5.0 million plus £1.0 million VAT) to Dewhurst plc for the freehold property known as Melbourne Works, Inverness Road, Hounslow, Middlesex, TW3 3LT. Prior to the sale of Melbourne Works, Dewhurst plc had successfully obtained residential planning permission for the site to enable it to realise the maximum possible value to offset against the cost of the new premises. Melbourne Works was reported in the books of the company with a net book value of £0.6 million, giving rise to a profit on disposal of £3.9 million (after deduction of associated costs of disposal of £0.5 million).

The net cash proceeds from the sale enabled Dewhurst plc to fully pay down any short-term indebtedness to its bank, enabling a return to its core strategy of maintaining a strong cash position together with minimal or no borrowing.

Acquisitions

On 31 July 2012, Dewhurst plc acquired the remaining shares in Elevator Research & Manufacturing Corp. (ERM) from Clive Mann (shares held in the name of Mann Family Trust). The Group acquired the additional 20% stake in ERM for a total cash consideration of US$0.9 million (£0.6 million) and at this date the Group had a 100% stake in ERM.

Post balance sheet event

On 11 November 2012, the board signed a conditional agreement to acquire 70% of the business and assets of the partnership trading as Dual Engraving from D.E. Corporate Pty Ltd and Datree Pty Ltd (the 'Business' or 'Dual').
The agreement is subject to satisfactory due diligence on the Business.

Dual, based in Perth, Western Australia (WA), is a lift car interior and fixture manufacturer which works with all the major lift companies in the local WA market. In addition the Business supplies lift components to that market, including products from Dewhurst, Designcom, TL Jones and Memco.

Subject to successful completion, the acquisition of a 70% stake in Dual demonstrates the company's commitment to continue to expand its international operations. Part of the company's strategy over recent years has been to seek to add additional fixture businesses around the world that can act as an outlet for sales of the company's components and add value with local supplies and support for customers. Dual Engraving is already a customer of the Dewhurst Group, so this acquisition will not generate additional component sales, but it will secure those sales.

Share repurchases

The company did not repurchase any shares during the year.

Directors
The members of the board during the year were:

Mr R M Dewhurst (chairman)
Mr D Dewhurst (group managing director)
Mr J C Sinclair
Mr R Young
Mr J Bailey
Mr P Tett (non-executive)

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

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

Directors' share interests
The table below sets out the names of the persons who were directors of the company during the financial year ended 30 September 2012 together with details of their own and their families' beneficial interests in the shares of the company at that date and corresponding details at 30 September 2011.

	30 September 2012 Ordinary shares	**30 September 2012 'A' ordinary shares**	30 September 2011 Ordinary shares	30 September 2011 'A' ordinary shares
Mr R M Dewhurst	**494,333**	**123,666**	494,333	123,666
Mr D Dewhurst	**419,595**	**69,932**	419,595	69,932
Mr J C Sinclair	**1,000**	**–**	1,000	–
Mr R Young	**1,000**	**–**	1,000	–
Mr J Bailey	**1,000**	**–**	1,000	–
Mr P Tett	**1,000**	**–**	1,000	–

At 30 September 2012 and 30 September 2011 there were no share options allocated to the directors. During the financial year no director was materially interested in any contract which was significant to the Group's business.

No transactions have taken place between the end of the financial year and 3 December 2012.

Directors' emoluments
The remuneration of the directors is shown below:

	Salary and fees £(000)	Bonus £(000)	Benefits in kind £(000)	Pension £(000)	**2012 Total £(000)**	2011 Total £(000)
Executive directors:						
Mr R M Dewhurst	122	137	3	–	**262**	189
Mr D Dewhurst	108	112	3	–	**223**	164
Mr J C Sinclair	89	41	–	10	**140**	116
Mr R Young	84	73	–	9	**166**	124
Mr J Bailey	87	44	2	–	**133**	116
Non-executive director:						
Mr P Tett	17	–	–	–	**17**	17

Substantial shareholdings
At 20 November 2012, the company had been advised of the following beneficial interests in excess of 3% of the ordinary voting share capital (other than the holdings shown under directors' share interests).

Executors of Mr A Dewhurst	366,000
Mrs V E Dewhurst	285,000
Ms B Meredith	190,208
Ms E Dewhurst	175,333
Fidelity Management & Research Fund (Boston)	170,500
Mr J H Ridley	126,000

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

W B Nominees Ltd	387,000
Discretionary Unit Fund	350,000
Mrs V E Dewhurst	337,000
Schweco Nominees Ltd – 16495 Acct	317,500
Vidacos Nominees Ltd	296,500
TD Waterhouse Nominees Ltd	191,500
Executors of Mr A Dewhurst	181,000
Schweco Nominees Ltd – 9000 Acct	175,500
Ms E Dewhurst	167,416
Roy Nominees Ltd	160,000

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

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

Employment policies
The Group is committed to ensuring that:

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

Supplier payments policy
The company's policy concerning the payment of its trade creditors is to arrange the best possible terms with its suppliers and then pay as appropriate to those terms, subject to satisfactory performance by the supplier.

Any contractual or legal obligations would be honoured with creditors being paid by the agreed dates to satisfy such contracts and commitments.

Payment procedures are reviewed as required to maintain a good working relationship, with the supplier.

The average number of days purchases outstanding was twenty-nine (2011: twenty-eight).

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

Political and charitable contributions
The Group has made no political contributions this year (2011: £Nil).

Charitable donations made by the Group to local schools, community projects and worthy causes amounted to £7k (2011: £3k), of which £4k was donated to the UK Lift Industry Charity.

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

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

A resolution will be proposed at the Annual General Meeting to re-appoint Chantrey Vellacott DFK LLP as auditor and to authorise the directors to determine their remuneration.

Statement of directors' responsibilities
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for preparing the annual report, the directors' report and the financial statements in accordance with the Companies Act 2006. The directors have prepared the financial statements for the Group and the company in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Group's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRS. A fair presentation also requires the directors to:

- consistently select and apply appropriate accounting policies; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business; and
- present information, including accounting policies, in a manner that provides relevant, reliable comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

Financial statements are published on the Group's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions.
The maintenance and integrity of the Group's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

By order of the board

Jared Sinclair Secretary
3 December 2012

Consolidated financial statements

Consolidated income statement

For the year ended 30 September 2012	Notes	2012 £(000)	2011 £(000)
Continuing operations			
Revenue	2	**51,555**	41,487
Operating costs	3	**(45,895)**	(37,063)
Operating profit before goodwill write down and gain on property disposal		**5,605**	4,880
Goodwill write down	10	**(3,889)**	(456)
Gain on disposal of property		**3,944**	–
Operating profit		**5,660**	4,424
Share of loss from associate		**–**	(29)
Finance income	5	**124**	62
Finance costs	6	**(342)**	(137)
Profit before taxation		**5,442**	4,320
Tax on profit	7	**(1,688)**	(1,428)
Profit for the financial year	8	**3,754**	2,892
Attributable to:			
Equity shareholders of the company		**3,786**	2,924
Non-controlling interests	26	**(32)**	(32)
		3,754	2,892
Basic and diluted earnings per share	9	**44.48p**	34.35p

Consolidated statement of recognised income and expense

	Notes	2012 £(000)	2011 £(000)
Net income/(expense) recognised directly in equity:			
Actuarial gains/(losses) on the defined benefit pension scheme	22	**(3,619)**	(2,423)
Exchange differences on translation of foreign operations		**49**	(41)
Tax on items taken directly to equity		**821**	640
Net income/(expense) recognised directly in equity in the year		**(2,749)**	(1,824)
Profit for the financial year		**3,754**	2,892
Total recognised income and expense for the year		**1,005**	1,068
Attributable to:			
Equity shareholders of the company		**1,004**	1,071
Non-controlling interests		**1**	(3)
		1,005	1,068

The notes on pages 19 to 37 form part of these financial statements

Consolidated balance sheet

At 30 September 2012	Notes	2012 £(000)	2011 £(000)
Non-current assets			
Goodwill	10	**3,555**	7,357
Other intangibles	11	**125**	158
Property, plant and equipment	12	**9,669**	9,581
Deferred tax asset	19	**2,037**	1,779
		15,386	18,875
Current assets			
Inventories	14	**4,852**	4,269
Trade and other receivables	15	**8,421**	8,394
Current tax assets		**–**	203
Cash and cash equivalents	16	**11,101**	5,009
		24,374	17,875
Total assets		**39,760**	36,750
Current liabilities			
Trade and other payables	17	**5,583**	5,222
Current tax liabilities		**35**	–
Short-term provisions	18	**722**	475
		6,340	5,697
Non-current liabilities			
Retirement benefit obligation	22	**11,856**	9,299
Total liabilities		**18,196**	14,996
Net assets		**21,564**	21,754
Equity			
Share capital	20	**851**	851
Share premium account	21	**157**	157
Capital redemption reserve	21	**286**	286
Translation reserve	21	**2,097**	2,059
Retained earnings	21	**18,173**	18,252
Total attributable to equity shareholders of the company		**21,564**	21,605
Non-controlling interests	26	**–**	149
Total equity		**21,564**	21,754

The financial statements were approved by the board of directors and authorised for issue on 3 December 2012 and were signed on its behalf by:

Richard Dewhurst Chairman

Jared Sinclair Finance Director

Company Registration Number: 160314

The notes on pages 19 to 37 form part of these financial statements

Notes to the accounts

Consolidated cash flow statement

For the year ended 30 September 2012	Notes	2012 £(000)	2011 £(000)
Cash flows from operating activities			
Operating profit		**5,660**	4,424
Goodwill write down		**3,889**	456
Depreciation and amortisation		**875**	812
Additional (income)/costs to pension scheme		**(1,399)**	(1,313)
Exchange adjustments		**(155)**	(208)
(Profit)/loss on disposal of property, plant and equipment		**(3,964)**	(4)
		4,906	4,167
(Increase)/decrease in inventories		**(583)**	202
(Increase)/decrease in trade and other receivables		**(27)**	(674)
Increase/(decrease) in trade and other payables		**361**	191
Increase/(decrease) in provisions		**247**	126
Cash generated from operations		**4,904**	4,012
Interest paid		**(5)**	(16)
Income tax paid		**(889)**	(1,095)
Net cash from operating activities		**4,010**	2,901
Cash flows from investing activities			
Acquisition of subsidiary undertakings	26	**(585)**	(869)
Acquisition of business and assets		**–**	(907)
Net proceeds from sale of property, plant and equipment		**4,588**	7
Purchase of property, plant and equipment		**(1,374)**	(5,124)
Development costs capitalised		**(104)**	(129)
Interest received		**124**	61
Net cash generated from/(used in) investing activities		**2,649**	(6,961)
Cash flows from financing activities			
Dividends paid		**(579)**	(551)
Net cash used in financing activities		**(579)**	(551)
Net increase/(decrease) in cash and cash equivalents		**6,080**	(4,611)
Cash and cash equivalents at beginning of year	16	**5,009**	9,593
Exchange adjustments on cash and cash equivalents		**12**	27
Cash and cash equivalents at end of year	16	**11,101**	5,009

The notes on pages 19 to 37 form part of these financial statements

Note 1 Accounting policies

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

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the years presented, unless otherwise stated. The results have been prepared on the basis of all IFRS issued by the International Accounting Standards Board currently effective. The directors consider the effects of standards issued but not yet effective to be immaterial.

The preparation of financial statements in conformity with IFRS requires the use of judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis and revisions are recognised in the period in which the estimate or assumption is revised. The key areas where estimates have been used and assumptions applied are in impairment testing of goodwill, provisioning, taxation and in assessing the defined benefit pension scheme liabilities (see notes 10, 18, 19 and 22 respectively).

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

Consolidation
The consolidated financial statements incorporate the results of Dewhurst plc and all of its subsidiary undertakings made up to 30 September 2012, adjusted to eliminate intra-group balances, transactions, income and expenses. The Group has used the acquisition method of accounting to consolidate the results of subsidiary undertakings, which are included from the date of acquisition.

Revenue
Revenue is measured at the fair value of sales of goods and services less returns and sales taxes. Revenue is recognised on delivery to customers.

Customer loyalty rebates
The cost of customer loyalty rebates is recognised as a cost of sale, with an accrual equal to the estimated fair value of the loyalty rebate recognised when the original transaction occurs. On redemption, the cost of redemption is offset against the accrual.

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

Buildings (Basic Structure)
1½% – on a declining balance basis

Buildings (Fittings)
5% to 20% – on a straight-line basis

Plant and equipment
10% to 33⅓% – on a straight-line basis

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

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

Inventories
Inventories are stated at the lower of weighted average cost and net realisable value. Cost represents direct materials, labour and appropriate production overheads. The Group provides for all inventories where there is more than one year's usage and where there is no annual usage therefore the directors consider the carrying amounts are stated at their fair value after deduction of appropriate allowances for estimated irrecoverable amounts.

Taxation
The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from the net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all material taxable temporary differences and deferred tax assets are only recognised to the extent that taxable profits will be available against which deductible temporary differences can be utilised.

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

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

The results of overseas operations are translated at the average rates of exchange during the year and their balance sheets translated into sterling at the rates of exchange ruling at the balance sheet date. Exchange differences which arise from translation of the opening net assets and results of foreign subsidiary undertakings and from translating the income statement at an average rate are taken to reserves. All other differences are taken to the income statement.

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

Research and development
Development expenditure that satisfies the criteria of IAS 38 for recognition as an intangible asset is capitalised and then amortised on a straight-line basis over its expected useful life of up to three years. Expenditure on development activities that does not meet these criteria along with research activities are recognised as an expense in the period in which they are incurred.

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

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

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

Actuarial gains and losses are recognised in full in the statement of recognised income and expense. Current and past service costs are charged to the income statement under pension costs in operating expenses. Interest on the pension scheme's liabilities and the expected return on the scheme's assets are recognised within finance costs in the income statement.

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

Financial instruments
The Group does not hold or issue derivative financial instruments for speculative purposes.

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

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

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

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

Note 2 Segment reporting

For management purposes, the Group reports its primary segmental information by geographical destination.

The geographical analysis by significant regions is as follows:

	Revenue 2012 £(000)	Revenue 2011 £(000)	Operating profit 2012 £(000)	Operating profit 2011 £(000)
United Kingdom	**16,481**	14,461	**1,470**	558
Europe	**9,984**	5,737	**1,377**	1,055
The Americas	**12,307**	11,613	**338**	665
Asia & Australia	**15,884**	13,320	**2,470**	2,147
Other	**59**	50	**5**	(1)
	54,715	45,181	**5,660**	4,424
Inter-company sales	**(3,160)**	(3,694)		
Share of (loss)/profit from associates			**–**	(29)
Finance income/(costs)			**(218)**	(75)
Consolidated revenue/profit before tax for the year	**51,555**	41,487	**5,442**	4,320

	Assets 2012 £(000)	Assets 2011 £(000)	Liabilities 2012 £(000)	Liabilities 2011 £(000)
United Kingdom	**15,675**	12,736	**8,844**	5,304
Europe	**5,828**	5,410	**2,815**	2,769
The Americas	**6,867**	7,953	**3,176**	3,620
Asia & Australia	**11,255**	10,524	**3,254**	3,188
Other	**135**	127	**107**	115
Consolidated assets/liabilities for the year	**39,760**	36,750	**18,196**	14,996

	Capital additions 2012 £(000)	Capital additions 2011 £(000)	Depreciation and amortisation 2012 £(000)	Depreciation and amortisation 2011 £(000)
United Kingdom	**1,076**	5,093	**343**	246
Europe	**113**	40	**51**	66
The Americas	**82**	1,747	**200**	212
Asia & Australia	**205**	920	**280**	286
Other	**2**	–	**1**	2
Total Group	**1,478**	7,800	**875**	812

Note 2 Segment reporting continued

The secondary segmental reporting is by the following business sectors:

Sector	Revenue 2012 £(000)	Revenue 2011 £(000)
Lift	**34,391**	31,462
Transport	**4,878**	3,923
Keypad	**15,446**	9,796
	54,715	45,181
Inter-company sales	**(3,160)**	(3,694)
	51,555	41,487

	Assets 2012 £(000)	Assets 2011 £(000)	Capital additions 2012 £(000)	Capital additions 2011 £(000)
Lift	**30,567**	25,627	**1,256**	7,613
Transport	**2,965**	5,385	**89**	142
Keypad	**6,228**	5,738	**133**	45
Total Group	**39,760**	36,750	**1,478**	7,800

Note 3 Operating costs

	2012 £(000)	2011 £(000)
Movement in inventory provision obsolescence	**25**	(55)
Cost of inventories recognised as an expense	**25,959**	19,525
Staff costs (see note 4)	**14,105**	12,235
Depreciation	**738**	657
Amortisation	**137**	155
Write down of goodwill	**3,889**	456
Gain on disposal of property	**(3,944)**	–
Foreign exchange differences	**155**	(56)
Other operating charges	**4,831**	4,146
Operating costs	**45,895**	37,063

Other operating charges include lease rentals on premises £366k (2011: £313k) and lease rentals on motor vehicles £78k (2011: £72k), profit on sale of property, plant and equipment £20k (2011: profit of £4k) and auditor's remuneration detailed below. Expenditure on research and development was £766k (2011: £728k).

Auditor's remuneration:

Amounts paid to Chantrey Vellacott DFK LLP and DFK associates	The Group 2012 £(000)	The Group 2011 £(000)	The Company 2012 £(000)	The Company 2011 £(000)
Statutory audit services	**73**	69	**14**	14
Pension audit services	**5**	5	**2**	2
Taxation compliance services	**11**	11	**1**	1
Other taxation advisory services	**64**	6	**62**	4
	153	91	**79**	21

Note 4 Staff costs and information regarding employees

Costs during the year were as follows:	The Group 2012 £(000)	The Group 2011 £(000)	The Company 2012 £(000)	The Company 2011 £(000)
Wages and salaries	**12,477**	10,866	**676**	516
Social security costs	**939**	807	**87**	64
Pension costs (see note 22)	**689**	562	**128**	24
	14,105	12,235	**891**	604

The average number of employees during the year was:	The Group 2012 No.	The Group 2011 No.	The Company 2012 No.	The Company 2011 No.
Office and management	**163**	169	**8**	8
Manufacturing	**194**	190	**–**	–
	357	359	**8**	8

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

The total amount of the directors' remuneration was as follows:	2012 £(000)	2011 £(000)
Emoluments – Executive directors	**905**	692
Emoluments – Non-executive directors	**17**	17
	922	709

Four directors became deferred members in the company's defined benefit pension scheme after the scheme closed to future accrual on 30 September 2010.

The emoluments of the directors is reported on page 14 of the directors report and the remuneration of the highest paid director during the year was £262k (2011: £189k). The highest paid director, under the defined benefit scheme has accrued pension of £113k (2011: £108k) and an accrued lump sum of £2,127k (2011: £1,820k).

Note 5 Finance income

	2012 £(000)	2011 £(000)
Bank deposit interest	**121**	61
Other interest receivable	**3**	1
	124	62

Note 6 Finance costs

	2012 £(000)	2011 £(000)
Interest payable on bank overdraft and loans	**(5)**	(16)
Net costs on defined benefit pension scheme	**(337)**	(121)
	(342)	(137)

Note 7 Tax

Current tax	2012 £(000)	2011 £(000)
UK corporation tax at 25% (2011: 27%)	**–**	–
Adjustment on prior years tax	**(135)**	(32)
Overseas taxation	**1,260**	1,035
	1,125	1,003
Deferred tax		
Movement in deferred taxation provision	**563**	425
Tax expense in the income statement	**1,688**	1,428

The tax assessed for the year is different from the standard rate of corporation tax in the UK. The differences are explained below:

	2012 £(000)	2011 £(000)
Profit before tax	**5,442**	4,320
Standard rate of corporation tax in the UK	**25.0%**	27.0%
Effects of:		
Adjustments in respect of prior years	**(2.5%)**	(0.7%)
Overseas withholding tax	**0.8%**	1.5%
Deferred tax	**10.4%**	9.8%
Additional reduction for R&D expenditure	**(2.0%)**	–
Expenses not deductible for tax purposes	**(0.7%)**	(4.5%)
Effective tax rate for the year	**31.0%**	33.1%

Note 8 Profit for the financial year

The Group profit for the year includes £769k (2011: £2,628k) of profit after tax, which has been dealt with in the financial statements of the holding company. The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own income statement in these financial statements.

Note 9 Earnings per share and dividend per share

Weighted average number of shares	2012 No.	2011 No.
For basic and diluted earnings per share	**8,511,398**	8,511,398

The calculation of basic and diluted earnings per share is based on the profit for the financial year of £3,786,101 and on 8,511,398 Ordinary 10p and 'A' non-voting ordinary 10p shares, being the weighted average number of shares in issue throughout the financial year.

Paid dividends per 10p ordinary share	2012 £(000)	2011 £(000)
2011 final paid of 4.46p (2010: 4.24p)	**(380)**	(361)
2012 interim paid of 2.34p (2011: 2.23p)	**(199)**	(190)

The final proposed dividend is based on 3,309,200 Ordinary 10p shares and 5,202,198 'A' non-voting ordinary 10p shares, being the latest number of shares in issue. The directors are proposing a 5p special dividend in addition to the normal final dividend of 4.68p (2011: 4.46p) per share, totalling £824k (2011: £380k). This dividend has not been accrued at the balance sheet date.

Note 10 Goodwill

	The Group 2012 £(000)	2011 £(000)	The Company 2012 £(000)	2011 £(000)
Cost or valuation:				
At 1 October	**8,938**	7,228	**–**	–
Exchange adjustment	**94**	63	**–**	–
Additions on acquisition of subsidiaries	**–**	1,647	**–**	–
At 30 September	**9,032**	8,938	**–**	–
Amortisation and Impairment:				
At 1 October	**1,581**	1,106	**–**	–
Exchange adjustment	**7**	19	**–**	–
Write down	**3,889**	456	**–**	–
At 30 September	**5,477**	1,581	**–**	–
Net book value:				
At 30 September	**3,555**	7,357	**–**	–

Goodwill is allocated at acquisition to the business units that are expected to benefit from that acquisition. The carrying amounts of goodwill have been allocated as follows:

	The Group 2012 £(000)	2011 £(000)	The Company 2012 £(000)	2011 £(000)
United Kingdom	**667**	3,957	**–**	–
America	**–**	603	**–**	–
Asia & Australia	**2,888**	2,797	**–**	–
	3,555	7,357	**–**	–

The goodwill relates to two Cash Generating Units (CGU) in the UK, Traffic Management Products business acquired in January 2006 and the Switching Components business acquired in October 2007, two CGUs in America, Elevator Research Manufacturing Corp. and Winter & Bain acquired in December 2010 and three CGUs in Australia, Australian Lift Components Pty Ltd acquired in February 2000, Lift Material Australia Pty Ltd acquired in July 2005 and JAS Engineering Pty Ltd acquired in December 2010.

Goodwill values have been tested for impairment by comparing them against the value in use of the relevant CGUs. The value in use calculations are based on current or projected pre-tax profits, derived from current results or 12 month forecasts approved by the board, discounted at 5% per annum to calculate their net present value.

The key assumptions used for the 'value in use' calculation for these CGUs are the sales and margin projections, the private company price index (PCPI) multiple applied to forecast profits and the discount rate. Sales growth is not based upon past experience but on future expectations because of recent product development. Margins are in line with past experience, and both the PCPI multiple and discount rate are derived from external sources of information and felt to be most appropriate. Based upon these key assumptions the goodwill impairment charge that arose during the current year is in relation to Switching Components, Traffic Management Products and Elevator Research Manufacturing Corp with goodwill written down by £160k, £3,130k & £599k (2011: £456k write down on Winter & Bain) respectively in the financial year.

Note 11 Other intangibles

Development costs	The Group 2012 £(000)	2011 £(000)	The Company 2012 £(000)	2011 £(000)
Cost or valuation:				
At 1 October	**738**	609	**65**	65
Additions	**104**	129	**–**	–
Disposal	**(65)**	–	**(65)**	–
At 30 September	**777**	738	**–**	65
Amortisation:				
At 1 October	**580**	425	**65**	60
Charge for the year	**137**	155	**–**	5
Disposal	**(65)**	–	**(65)**	–
At 30 September	**652**	580	**–**	65
Net book value:				
At 30 September	**125**	158	**–**	–
At 30 September – prior year	**158**	184	**–**	5

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

Note 12 Property, plant and equipment

	Property £(000)	Plant and equipment £(000)	The Group Total £(000)	Property £(000)	Plant and equipment £(000)	The Company Total £(000)
Cost or valuation:						
At 1 October 2010	3,653	6,779	10,432	1,325	344	1,669
Exchange adjustment	33	(10)	23	–	–	–
Acquired with subsidiary	44	856	900	–	–	–
Asset under construction	4,924	–	4,924	4,924	–	4,924
Additions	11	189	200	–	2	2
Disposals	–	(102)	(102)	–	–	–
At 1 October 2011	8,665	7,712	16,377	6,249	346	6,595
Exchange adjustment	**53**	**37**	**90**	**–**	**–**	**–**
Additions	**785**	**589**	**1,374**	**765**	**170**	**935**
Disposals	**(819)**	**(2,084)**	**(2,903)**	**(816)**	**(344)**	**(1,160)**
At 30 September 2012	**8,684**	**6,254**	**14,938**	**6,198**	**172**	**6,370**

	Property £(000)	Plant and equipment £(000)	The Group Total £(000)	Property £(000)	Plant and equipment £(000)	The Company Total £(000)
Depreciation:						
At 1 October 2010	716	5,107	5,823	311	306	617
Exchange adjustment	3	5	8	–	–	–
Acquired with subsidiary	33	374	407	–	–	–
Charge for the year	82	575	657	10	39	49
Disposals	–	(99)	(99)	–	–	–
At 1 October 2011	834	5,962	6,796	321	345	666
Exchange adjustment	**7**	**7**	**14**	**–**	**–**	**–**
Charge for the year	**164**	**574**	**738**	**93**	**11**	**104**
Disposals	**(226)**	**(2,053)**	**(2,279)**	**(224)**	**(344)**	**(568)**
At 30 September 2012	**779**	**4,490**	**5,269**	**190**	**12**	**202**
Net book value:						
At 30 September 2012	**7,905**	**1,764**	**9,669**	**6,008**	**160**	**6,168**
At 30 September 2011	7,831	1,750	9,581	5,928	1	5,929

Capital commitments contracted by the Group at 30 September 2012 amounted to £73k (2011: £820k) and by the company £73k (2011: £800k). Capital commitments authorised but not contracted by the Group at 30 September 2012 amounted to £78k (2011: £21k) and by the company £Nil (2011: £21k).

Note 13 Investments – shares in subsidiary undertakings

The Company Investments (ordinary shares) in subsidiary undertakings are:	**2012 £(000)**	2011 £(000)
Cost:		
Dewhurst UK Manufacturing Ltd	**175**	175
Thames Valley Controls Ltd	**300**	300
Traffic Management Products Ltd	**4,516**	4,516
Cortest Ltd	**50**	50
Dewhurst (Hungary) Kft	**72**	72
Dupar Controls Inc.	**35**	35
The Fixture Company	**32**	32
Elevator Research Manufacturing Corp.	**2,390**	1,805
Australian Lift Components Pty Ltd	**1,798**	1,798
Lift Material Australia Pty Ltd	**84**	84
JAS Engineering Pty Ltd	**123**	123
Dewhurst Australian Property Pty Ltd	**97**	97
Dewhurst (Hong Kong) Ltd	**1**	1
	9,673	9,088
Provision for impairment	**(6,137)**	(822)
	3,536	8,266

The company has thirteen wholly-owned subsidiaries, Dewhurst UK Manufacturing Ltd, Thames Valley Controls Ltd, Traffic Management Products Ltd (TMP) and Cortest Ltd, registered and principally operating in England, Dewhurst (Hungary) Kft, registered and principally operating in Hungary, Dupar Controls Inc., registered and principally operating in Canada, The Fixture Company and Elevator Research Manufacturing Corp. (ERM) registered and principally operating in the United States of America, Australian Lift Components Pty Ltd, Lift Material Australia Pty Ltd, JAS Engineering Pty Ltd and Dewhurst Australian Property Pty Ltd, all registered and principally operating in Australia and Dewhurst (Hong Kong) Ltd registered and principally operating in Hong Kong. All companies have similar principal activities to Dewhurst plc, except TMP and Cortest, which operate solely in the transport sector and Dewhurst Australian Property Pty Ltd, which operates solely to hold Australian Lift Components Pty Ltd's property. £3,605k of the investment in TMP along with the remaining £1,711k investment in ERM (2011: £679k in ERM) has been provided for at the end of this financial year.

Note 14 Inventories

	2012 £(000)	The Group 2011 £(000)	**2012 £(000)**	The Company 2011 £(000)
Raw materials and components	**3,075**	2,774	**–**	–
Work-in-progress	**328**	239	**–**	–
Finished goods and goods for re-sale	**1,449**	1,256	**–**	–
	4,852	4,269	**–**	–

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

Note 15 Trade and other receivables

	The Group 2012 £(000)	The Group 2011 £(000)	The Company 2012 £(000)	The Company 2011 £(000)
Trade receivables	**8,312**	8,200	**–**	–
Amounts due from subsidiary undertakings	**–**	–	**3,910**	2,953
Other taxes and social security costs	**–**	–	**–**	134
Other receivables	**24**	88	**–**	–
Prepayments and accrued income	**85**	106	**–**	–
	8,421	8,394	**3,910**	3,087

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

	The Group 2012 £(000)	The Group 2011 £(000)	The Company 2012 £(000)	The Company 2011 £(000)
At 1 October	**242**	236	**–**	–
Charge for the year	**(48)**	10	**–**	–
Costs incurred	**(45)**	(4)	**–**	–
At 30 September	**149**	242	**–**	–

At the balance sheet date the ageing analysis of trade receivables that were past due (normal terms is 30 days net monthly) but not provided for are as follows:

	Total £(000)	Within terms £(000)	Up to 1 month overdue £(000)	Up to 2 months overdue £(000)	Over 2 months overdue £(000)
As at 30 September 2012	**8,312**	**6,556**	**1,266**	**313**	**177**
As at 30 September 2011	8,200	5,585	1,826	493	296

Note 16 Cash and cash equivalents

	The Group 2012 £(000)	The Group 2011 £(000)	The Company 2012 £(000)	The Company 2011 £(000)
Cash	**8,101**	5,009	**677**	301
Short-term deposits	**3,000**	–	**3,000**	–
	11,101	5,009	**3,677**	301

Note 17 Trade and other payables

	The Group 2012 £(000)	The Group 2011 £(000)	The Company 2012 £(000)	The Company 2011 £(000)
Trade payables	**2,351**	2,837	**3**	306
Other taxes and social security costs	**497**	338	**17**	–
Other payables	**103**	125	**41**	19
Accruals and deferred income	**2,632**	1,922	**491**	255
	5,583	5,222	**552**	580

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

Note 18 Short-term provisions

	The Group 2012 £(000)	The Group 2011 £(000)	The Company 2012 £(000)	The Company 2011 £(000)
Warranty provisions	**722**	475	**–**	–

Warranties are provided in the normal course of business based on current issues and are costed on an assessment of future claims with reference to past claims. The provision is in relation to replacement and change-out costs and although it is not possible to estimate the timing of crystallisation of the potential liability it is expected that it will be utilised during the coming year. Amounts charged to the Group income statement during the year were £424k (2011: £303k). Amounts utilised by the Group in the year were £177k (2011: £177k). There were no amounts charged or utilised this year or last year by the company.

Note 19 Deferred taxation

Deferred tax asset:	The Group 2012 £(000)	The Group 2011 £(000)	The Company 2012 £(000)	The Company 2011 £(000)
At 1 October	**1,779**	1,563	**2,426**	2,254
Transfer directly (to)/from equity	**821**	641	**832**	630
Transfer (to)/from income statement	**(563)**	(425)	**(574)**	(458)
At 30 September	**2,037**	1,779	**2,684**	2,426

Deferred tax at 30 September relates to the following:

Deferred taxation	The Group 2012 £(000)	The Group 2011 £(000)	The Company 2012 £(000)	The Company 2011 £(000)
Defined benefit pension scheme	**2,726**	2,418	**2,726**	2,418
Provisions	**133**	172	**(42)**	8
Exchange differences on translation of foreign operations	**(822)**	(811)	**–**	–
Deferred tax asset	**2,037**	1,779	**2,684**	2,426

Note 20 Share capital

Authorised:		2012 £(000)	2011 £(000)
Shares of 10p each	– 4,500,000 Ordinary	**450**	450
	– 9,000,000 'A' non-voting ordinary	**900**	900
		1,350	1,350

Allotted and fully paid:		2012 £(000)	2011 £(000)
Shares of 10p each	– 3,309,200 (2011: 3,309,200) Ordinary	**331**	331
	– 5,202,198 (2011: 5,202,198) 'A' non-voting ordinary	**520**	520
		851	851

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

Note 21 Changes in equity

	The Group					The Company			
	Share capital £(000)	Share premium account £(000)	Capital redemption reserve £(000)	Translation reserve £(000)	Retained earnings £(000)	Share capital £(000)	Share premium account £(000)	Capital redemption reserve £(000)	Retained earnings £(000)
At 1 October 2010	851	157	286	2,089	17,704	851	157	286	8,597
Exchange differences on translation of foreign operations	–	–	–	(41)	–	–	–	–	8
Actuarial gains/(losses) on defined benefit pension scheme	–	–	–	–	(2,423)	–	–	–	(2,423)
Tax on items taken directly to equity	–	–	–	11	630	–	–	–	630
Dividends paid	–	–	–	–	(551)	–	–	–	(551)
Profit for the year	–	–	–	–	2,892	–	–	–	2,628
At 1 October 2011	851	157	286	2,059	18,252	851	157	286	8,889
Exchange differences on translation of foreign operations	**–**	**–**	**–**	**49**	**–**	**–**	**–**	**–**	**–**
Actuarial gains/(losses) on defined benefit pension scheme	**–**	**–**	**–**	**–**	**(3,619)**	**–**	**–**	**–**	**(3,619)**
Net costs of acquiring the final stake in ERM (note 26)	**–**	**–**	**–**	**–**	**(467)**	**–**	**–**	**–**	**–**
Tax on items taken directly to equity	**–**	**–**	**–**	**(11)**	**832**	**–**	**–**	**–**	**832**
Dividends paid	**–**	**–**	**–**	**–**	**(579)**	**–**	**–**	**–**	**(579)**
Profit for the year	**–**	**–**	**–**	**–**	**3,754**	**–**	**–**	**–**	**769**
At 30 September 2012	**851**	**157**	**286**	**2,097**	**18,173**	**851**	**157**	**286**	**6,292**

Included in retained earnings is (£10,118k) (2011: (£6,499k)) being the cumulative actuarial gains or (losses) on defined benefit pension scheme.

Note 22 Retirement benefit obligation

The Group operates pension schemes in the UK, Canada, Australia and the USA, and also complies with Hungarian state legislation. During the year the UK operated both defined contribution schemes, the assets of which are held in independently administered funds, and a defined benefit scheme, the assets of which are held in trustee administered funds. The total pension cost for the Group was £689k (2011: £562k), of which £587k (2011: £562k) relates to defined contribution schemes and £102k (2011: £Nil) relates to the defined benefit scheme. The Hungarian, Canadian, USA and Australian schemes are of the defined contribution type and the cost to the Group amounted to £310k (2011: £302k). There was £22k of outstanding charges at the balance sheet date in respect of the defined benefit scheme (2011: £Nil). On 30 September 2010 the company closed the defined benefit scheme to future accrual and offered all existing members future pension benefits in a new Group defined contribution scheme. There were still company contributions during the year of £1,404k per annum into the defined benefit scheme (2011: the company contributed a fixed sum of £1,404k per annum). This method of calculating the rate and amount has been agreed with the actuary. The percentage contribution covered the current service accruals and the fixed sum is paid to reduce the fund deficit.

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

The pension cost relating to the UK defined benefit scheme is assessed in accordance with the advice of qualified actuaries using the new scheme specific funding regime which came into force in September 2005. The latest actuarial valuation of the scheme was on 1 June 2009. Generally, it has been assumed that future investment yields would be at 6.5% per annum (pre-retirement) and 5.0% (post-retirement) and that increases in earnings would average 4.2% per annum.

At the date of the latest actuarial valuation of the UK scheme, the market value of the assets of the scheme exceeded £15.9 million and the funding level on the on-going valuation basis was 64%. The 2009 actuarial valuation takes account of secured pensioners when assessing the assets and liabilities of the fund. All the recommendations made by the scheme's actuary to eliminate the scheme deficit have been fully implemented.

IAS 19 Employee Benefits

Under IAS 19 a snapshot is taken of the retirement benefit fund assets and liabilities to coincide with the company's financial year-end. Thus movements in equity and bond markets and in discount rates may create some volatility in the calculation of the scheme assets and liabilities. The FTSE-100 index stood at 5,742 at 30 September 2012 (2011: 5,128).

Assumptions

The following actuarial assumptions, updated to 30 September 2012 by the scheme actuary, have been used in preparing the disclosures required under IAS 19:

		2012	2011
Retail price index expected to rise by		**2.4%**	3.0%
Pensionable salaries will increase by		**n/a**	n/a
Deferred pensions and pensions in payment will increase by		**2.4%**	3.0%
Liabilities discounted at a rate of		**4.0%**	5.0%
Expected lifetime for a member retiring at the accounting date	– for males	**23.1 yrs**	23.0 yrs
	– for females	**24.3 yrs**	24.3 yrs
Future expected lifetime for a member retiring in 20 years' time	– for males	**25.9 yrs**	25.8 yrs
	– for females	**26.3 yrs**	26.3 yrs

Note 22 Retirement benefit obligation continued

The assets in the scheme and the expected rates of return:

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

	Long-term rate of return expected at 30 Sept 2012	**Fair value at 30 Sept 2012 £(000)**	Long-term rate of return expected at 30 Sept 2011	Fair value at 30 Sept 2011 £(000)	Fair value at 30 Sept 2010 £(000)
Equities	**6.2%**	**14,282**	5.9%	15,074	15,215
Bonds	**4.0%**	**4,402**	5.1%	1,293	1,270
Other	**3.0%**	**3,505**	3.4%	3,169	3,390
Total fair value of scheme assets		**22,189**		19,536	19,875
Present value of scheme liabilities		**(34,045)**		(28,835)	(27,943)
Scheme deficit		**(11,856)**		(9,299)	(8,068)
Related deferred tax asset		**2,726**		2,418	2,259
Net pension liability		**(9,130)**		(6,881)	(5,809)

Amounts charged to operating profit:	**2012 £(000)**	2011 £(000)	2010 £(000)
Current service cost	**–**	–	299
Curtailment	**–**	–	91
Total operating charge	**–**	–	390

Amounts charged to other finance costs:	**2012 £(000)**	2011 £(000)	2010 £(000)
Expected return on pension scheme assets	**1,087**	1,256	1,194
Interest on pension scheme liabilities	**(1,424)**	(1,377)	(1,347)
Net benefit/(cost)	**(337)**	(121)	(153)

Amounts recognised in the statement of recognised income and expenses (SoRIE):	**2012 £(000)**	2011 £(000)	2010 £(000)
Actual return less expected return on pension scheme assets	**788**	(2,217)	(59)
Experience gains and losses arising on the scheme liabilities	**(159)**	–	1,119
Changes in assumptions underlying the present value of the scheme liabilities	**(4,248)**	(206)	(3,557)
Actuarial gains/(losses) recognised in SoRIE	**(3,619)**	(2,423)	(2,497)

The movement in the scheme assets, liabilities and the net deficit are as follows:		**2012 £(000)**	2011 £(000)	2010 £(000)
Deficit in scheme at 1 October		**(9,299)**	(8,068)	(6,072)
Movement in the year	Current service cost	**–**	–	(299)
	Curtailment	**–**	–	(91)
	Contributions	**1,404**	1,404	1,111
	Administration charge	**(5)**	(91)	(67)
	Other finance costs	**(337)**	(121)	(153)
	Actuarial gains/(losses)	**(3,619)**	(2,423)	(2,497)
Deficit in scheme at 30 September		**(11,856)**	(9,299)	(8,068)

History of experience gains and losses:	**2012 £(000)**	2011 £(000)	2010 £(000)
Difference between the expected and actual return on scheme assets	**788**	(2,217)	(59)
Percentage of scheme assets	**3.6%**	(11.3%)	(0.3%)
Experience gains and losses on scheme liabilities	**(159)**	–	1,119
Percentage of the present value of scheme liabilities	**0.5%**	–	(4.0%)
Total amount recognised in SoRIE	**(3,619)**	(2,423)	(2,497)
Percentage of the present value of scheme liabilities	**10.6%**	8.4%	8.9%

Note 23 Lease commitments

Total future minimum lease payments under non-cancellable operating leases for each of the following periods:

				The Group		The Company
	2012 Land and buildings £(000)	**2012 Other £(000)**	2011 Land and buildings £(000)	2011 Other £(000)	**2012 Other £(000)**	2011 Other £(000)
Within one year	**203**	**67**	236	74	**–**	–
Within two to five years	**149**	**40**	310	70	**–**	–
	352	**107**	546	144	**–**	–

Note 24 Related parties

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

	2012 £(000)	2011 £(000)
Management charges to subsidiaries	**848**	852
Rent charges to subsidiaries	**250**	265
Interest income received	**138**	14
Interest income paid	**–**	11
Dividend income received	**4,076**	3,561
Dividends paid to directors	**76**	72
Loans and trade receivables due	**4,709**	4,315
Loans and trade payables due	**–**	1,361

Note 25 Financial instruments

The Group's policies towards using financial instruments to manage interest rate, liquidity and currency exposure risks are explained in the financial review on pages 10–11.

Credit risk
The Group is mainly exposed to credit risk from credit sales. It is Group policy, implemented locally, to assess the credit risk of new customers before entering contracts. Such credit ratings, taking into account local business practices, are then factored into any contracts.

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

Foreign exchange contracts
During the year the Group used derivatives to manage credit risk. At the year end Dewhurst plc entered into a A$3,350,000 Australian Dollar foreign exchange contract, in the amount of £2,146,570 sterling, the purpose of which is to hedge against Australian Dollar currency fluctuations. The contract was stated at its fair value and the Group does not hedge account. This contract matured on 31 October 2012.

Currency and interest rate exposure of financial assets and liabilities
The cash and cash equivalent amount of £11,101k (2011: £5,009k) is made up of cash of £8,101k (2011: £5,009k) and short-term deposits of £3,000k (2011: £Nil). The cash was invested at overnight rates based on the relevant national LIBOR. Short-term deposits were fixed for 12 months at an average rate of 2.70% (2011: Nil). Of the cash, £6,670k (2011: £2,533k) is denominated in sterling with the balance of £4,431k (2011: £2,476k) held in foreign currencies. Other financial assets and liabilities do not attract interest.

				The Group				The Company
Currency and interest profile	Floating rate assets £(000)	Fixed rate assets £(000)	Interest free assets £(000)	Interest free liabilities £(000)	Floating rate assets £(000)	Fixed rate assets £(000)	Interest free assets £(000)	Interest free liabilities £(000)
Sterling	2,534	–	3,707	1,446	298	–	–	306
AUS Dollars	1,173	–	1,536	420	1	–	–	–
US Dollars	559	–	1,749	796	2	–	–	–
CAN Dollars	466	–	1,050	78	–	–	–	–
Other	277	–	158	97	–	–	–	–
At 30 September 2011	5,009	–	8,200	2,837	301	–	–	306
Sterling	**3,670**	**3,000**	**4,053**	**1,005**	**383**	**3,000**	**–**	**3**
AUS Dollars	**1,878**	**–**	**1,448**	**446**	**161**	**–**	**–**	**–**
US Dollars	**1,288**	**–**	**1,689**	**681**	**133**	**–**	**–**	**–**
CAN Dollars	**688**	**–**	**999**	**125**	**–**	**–**	**–**	**–**
Other	**577**	**–**	**123**	**94**	**–**	**–**	**–**	**–**
At 30 September 2012	**8,101**	**3,000**	**8,312**	**2,351**	**677**	**3,000**	**–**	**3**

The only operation that holds material monetary assets and liabilities in currencies other than their functional currency is the Hungarian subsidiary Dewhurst (Hungary) Kft, which holds cash denominated in Sterling with a balance of £448k (2011: £350k) and US Dollars with a balance of £988k (2011: £321k), trade receivables denominated in Sterling with a balance of £1,236k (2011: £1,118k) and US Dollars with a balance of £1,035k (2011: £682k) and trade payables denominated in Sterling with a balance of £135k (2011: £263k) and US Dollars with a balance of £406k (2011: £311k).

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

Bank facilities
The Group has no undrawn committed bank overdraft facility (2011: a £2.0 million facility secured upon the new premises being Unit 9 Hampton Business Park).

Note 26 Investments – shares in subsidiary undertakings

On 31 July 2012, Dewhurst plc acquired the remaining shares in Elevator Research & Manufacturing Corp. (ERM). The Group acquired the additional 20% stake for a total cash consideration of US$0.9 million (£0.6 million). At this date the Group had a 100% stake in ERM.

Details of the transaction:	Notes	**Book value £(000)**	Fair value £(000)
Non controlling interest:			
As at 1 October 2011		**149**	149
Loss to July 2012		**(32)**	(32)
Exchange rate		**1**	1
As at 31 July 2012		**118**	118
Consideration		**585**	585
Net costs taken directly to equity	21	**467**	467

There are no recognised gains and losses other than the results for the periods.

Cash flows

The net outflow of cash arising from acquisitions was as follows:	**£(000)**
Cash consideration, as above	**585**
Net outflow of cash in respect of ERM	**585**

Company financial statements

Company statement of recognised income and expense

	2012 £(000)	2011 £(000)
Net income/(expense) recognised directly in equity:		
Actuarial gains/(losses) on the defined benefit pension scheme	**(3,619)**	(2,423)
Exchange differences on translation of foreign operations	**–**	8
Tax on items taken directly to equity	**832**	630
Net income/(expense) recognised directly in equity in the year	**(2,787)**	(1,785)
Profit for the financial year	**769**	2,628
Total recognised income and expense for the year	**(2,018)**	843

The notes on pages 19 to 37 form part of these financial statements

Company balance sheet

At 30 September 2012	Notes	2012 £(000)	2011 £(000)
Non-current assets			
Other intangibles	11	**–**	–
Property, plant and equipment	12	**6,168**	5,929
Deferred tax asset	19	**2,684**	2,426
Investments in subsidiaries	13	**3,536**	8,266
		12,388	16,621
Current assets			
Trade and other receivables	15	**3,910**	3,087
Current tax assets		**19**	53
Cash and cash equivalents	16	**3,677**	301
		7,606	3,441
Total assets		**19,994**	20,062
Current liabilities			
Trade and other payables	17	**552**	580
		552	580
Non-current liabilities			
Retirement benefit obligation	22	**11,856**	9,299
Total liabilities		**12,408**	9,879
Net assets		**7,586**	10,183
Equity			
Share capital	20	**851**	851
Share premium account	21	**157**	157
Capital redemption reserve	21	**286**	286
Retained earnings	21	**6,292**	8,889
Total equity		**7,586**	10,183

The financial statements were approved by the board of directors and authorised for issue on 3 December 2012 and were signed on its behalf by:

Richard Dewhurst Chairman
Jared Sinclair Finance Director
Company Registration Number: 160314

The notes on pages 19 to 37 form part of these financial statements

Company cash flow statement

For the year ended 30 September 2012	Notes	2012 £(000)	2011 £(000)
Cash flows from operating activities			
Operating profit /(loss)		**(2,543)**	(296)
Depreciation and amortisation		**104**	54
Additional (income)/costs to pension scheme		**(1,399)**	(1,313)
(Profit)/loss on disposal of property, plant and equipment		**(3,944)**	–
Write-down of investments		**5,315**	679
		(2,467)	(876)
(Increase)/decrease in trade and other receivables		**(823)**	477
Increase/(decrease) in trade and other payables		**(28)**	186
Cash generated from operations		**(3,318)**	(213)
Interest paid		**(2)**	(13)
Income tax paid		**(8)**	(90)
Net cash from/(used in) operating activities		**(3,328)**	(316)
Cash flows from investing activities			
Acquisition of subsidiaries undertakings	26	**(585)**	(1,286)
Net proceeds from sale of property, plant and equipment		**4,536**	–
Purchase of property, plant and equipment		**(935)**	(4,926)
Interest received		**191**	25
Dividends received		**4,076**	3,561
Net cash generated from/(used in) investing activities		**7,283**	(2,626)
Cash flows from financing activities			
Dividends paid		**(579)**	(551)
Net cash used in financing activities		**(579)**	(551)
Net increase/(decrease) in cash and cash equivalents		**3,376**	(3,493)
Cash and cash equivalents at beginning of year	16	**301**	3,794
Cash and cash equivalents at end of year	16	**3,677**	301

The notes on pages 19 to 37 form part of these financial statements

Report of the independent auditor

Independent auditor's report to the shareholders of Dewhurst plc.

We have audited the Group and parent company financial statements ('the financial statements') of Dewhurst plc for the year ended 30 September 2012 which comprise the consolidated income statement, the consolidated and company balance sheets, the consolidated and parent company cash flow statements, the consolidated and parent company statements of recognised income and expense and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the Companies Act 2006.

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.

Respective responsibilities of directors and auditor

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 30 September 2012 and of the Group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following where under the Companies Act 2006 we are required to report to you if, in our opinion:

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

Paul Fenner
Senior Statutory Auditor

for and on behalf of
Chantrey Vellacott DFK LLP

Chartered Accountants and Statutory Auditor

London, 5 December 2012

Notice of meeting

Notice is hereby given that the ninety third Annual General Meeting of Dewhurst plc will be held at its registered office, Unit 9 Hampton Business Park, Hampton Road West, Feltham, TW13 6DB on 5 February 2013 at 11:00 am. The meeting will be held in order to consider and, if thought fit, pass resolutions 1 to 6 as ordinary resolutions.

Ordinary resolutions

1 To receive and adopt the statement of accounts for the year ended 30 September 2012 and the reports of the directors and auditor thereon.

2 To declare and approve a 5p special dividend and the final dividend on the Ordinary and 'A' non-voting ordinary shares to shareholders on the register of members on 18 January 2013.

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

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

5 To re-appoint Chantrey Vellacott DFK LLP as auditor at a fee to be agreed by the directors.

6 As special business to consider and, if thought fit, pass the following ordinary resolution: that the company be and is hereby generally and unconditionally authorised to make market purchases (within the meaning of section 693(4) of the Companies Act 2006) of up to an aggregate of 496,380 Ordinary shares and 780,330 'A' non-voting ordinary shares of 10p each (representing 15% of the issued share capital) in the company at a price per share (exclusive of expenses) of not less than 10p and not more than 105% of the average of the middle market quotations for such Ordinary and 'A' non-voting ordinary shares, as derived from the Stock Exchange Daily Official List, for the ten dealing days immediately preceding the day of the purchase; such authority to expire at the conclusion of the Annual General Meeting to be held in 2014 save that the company may purchase shares at any later date where such purchase is pursuant to any contract made by the company before the expiry of this authority.

7 To transact any other ordinary business of the company.

By order of the board

Jared Sinclair Secretary
31 December 2012

Notes

1 All Shareholders who wish to attend and vote at the meeting must be entered on the company's register of members no later than 11:00 am on 3 February 2013 (being 48 hours prior to the time fixed for the meeting) or, in the case of an adjournment, as at 48 hours prior to the time of the adjourned meeting. Changes to entries on the register after that time will be disregarded in determining the rights of any person to attend or vote at the meeting. **'A' non-voting ordinary shares do not carry the right to attend or vote at meetings of the company.**

2 Shareholders entitled to attend and vote at the meeting may appoint a proxy or proxies to attend, vote and speak on their behalf. A proxy need not be a member of the company. Investors who hold their shares through a nominee may wish to attend the meeting as a proxy, or to arrange for someone else to do so for them, in which case they should discuss this with their nominee or stockbroker. Shareholders are invited to complete and return the enclosed Proxy Form. Completion of the Proxy Form will not prevent a Shareholder from attending and voting at the meeting if subsequently he/she finds that he/she is able to do so. To be valid, completed Proxy Forms must be received by the Company Secretary at the registered office of the company, Dewhurst plc, Unit 9 Hampton Business Park, Hampton Road West, Feltham, TW13 6DB, by fax at +44 (0)20 8744 8206, with the scanned Proxy Form by email at cosec@dewhurst.co.uk by no later than 48 hours before the time appointed for the holding of the meeting, or, in the case of an adjournment, as at 48 hours prior to the time of the adjourned meeting.

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

4 The company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those holders of Ordinary Shares registered in the register of members of the company at 11:00 am on 3 February 2013 (being 48 hours prior to the time fixed for the meeting) shall be entitled to attend and vote at the Annual General Meeting in respect of such number of shares registered in their name at that time. Changes to entries in the register of members after that time shall be disregarded in determining the rights of any person to attend or vote at the meeting.

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

Group companies

Head office

DEWHURST PLC

Unit 9 Hampton Business Park
Hampton Road West
Feltham TW13 6DB
Tel: 020 8744 8200
Fax: 020 8744 8261
cosec@dewhurst.co.uk
www.dewhurst.co.uk

UK subsidiaries

DEWHURST UK MANUFACTURING LTD

Unit 9 Hampton Business Park
Hampton Road West
Feltham TW13 6DB
Tel: 020 8744 8200
Fax: 020 8744 8261
cosec@dewhurst.co.uk
www.dewhurst.co.uk

David Dewhurst
Managing Director

THAMES VALLEY CONTROLS LTD

Unit 15 Manor Farm Industrial Estate
Flint, Flintshire
Wales CH6 5UY
Tel: 01352 793222
Fax: 01352 793255
info@tvcl.co.uk
www.tvcl.co.uk

Richard Young
Managing Director

TRAFFIC MANAGEMENT PRODUCTS LTD

Unit 7 Gatwick Distribution Point
Church Road, Lowfield Heath
Crawley
West Sussex RH11 0PJ
Tel: 08456 808066
Fax: 08456 808077
info@traffic-products.co.uk
www.traffic-products.co.uk

John Bailey
Managing Director

CORTEST LTD

Unit 7 Gatwick Distribution Point
Church Road, Lowfield Heath
Crawley
West Sussex RH11 0PJ
Tel: 08456 808044
Fax: 08456 808055
info@corrosion-testing.co.uk
www.corrosion-testing.co.uk

John Bailey
Managing Director

Overseas subsidiaries

DEWHURST (HUNGARY) KFT

H–2038, Soskut
Hrsz. 3518/8
Hungary
Tel: 00 362 356 0550
Fax: 00 362 356 0559

Laszlo Denk
Managing Director

DUPAR CONTROLS INC.

1751 Bishop Street
Cambridge, Ontario
Canada N1T 1N5
Tel: 001 519 624 2510
Fax: 001 519 624 2524
info@dupar.com
www.dupar.com

George Foleanu
General Manager

ELEVATOR RESEARCH MANUFACTURING CORP.

1417 Elwood Street
Los Angeles
CA 90021 USA
Tel: 001 213 746 1914
Fax: 001 213 749 1355
sales@elevatorresearch.com
www.elevatorresearch.com

Barnet Rogers
General Manager

AUSTRALIAN LIFT COMPONENTS PTY LTD

5 Saggartfield Road
Minto
NSW 2566
Australia
Tel: 00 612 9603 0200
Fax: 00 612 9603 2700
info@alc.au.com
www.alc.au.com

Chris Carroll
Managing Director

LIFT MATERIAL AUSTRALIA PTY LTD

PO Box 7164
Alexandria, Sydney
NSW 2015
Australia
Tel: 00 612 9310 4288
Fax: 00 612 9698 4990
info@liftmaterial.com
www.liftmaterial.com

Tony Pegg
Managing Director

JAS ENGINEERING (NSW) PTY LTD

26 Kiama Street, Miranda
NSW 2228
Australia
Tel: 00 612 9522 4842
Fax: 00 612 9522 3240
sales@jaseng.com.au
www.jaseng.com.au

Chris Carroll
Managing Director

DEWHURST (HONG KONG) LTD

Unit 19, 7/F, Block A
Hoi Luen Industrial Centre
55 Hoi Yuen Road
Hong Kong
Tel: 00 852 3523 1563
Fax: 00 852 3909 1434
efung@dewhurst.co.uk
www.dewhurst.co.uk

Eric Fung
General Manager

Other overseas representation

The group maintains overseas representation in major countries throughout the world

Advisers and company information

Advisers

AUDITOR

Chantrey Vellacott DFK LLP
Chartered Accountants
and Statutory Auditor
Russell Square House
10–12 Russell Square
London WC1B 5LF

BANKERS

National Westminster Bank plc
275–277 High Street
Hounslow
Middlesex TW3 1EG

REGISTRARS

Capita IRG plc
Northern House
Woodsome Park
Fenay Bridge
Huddersfield
West Yorkshire HD8 0LA

NOMINATED ADVISER AND BROKER

Seymour Pierce Ltd
20 Old Bailey
London EC4M 7EN

SOLICITORS

Keystone Law
53 Davies Street
London W1K 5JH

Secretary and registered office

Jared Sinclair
Dewhurst plc
Unit 9 Hampton Business Park
Hampton Road West
Feltham TW13 6DB

Registered No.160314

Design: www.gilldavies.co.uk

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