

**Company Registration No. 58397**

**TOWERS & CO., LIMITED**

**STRATEGIC REPORT, DIRECTORS' REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**



## **TOWERS & CO., LIMITED**

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# **TOWERS & CO., LIMITED**

## **COMPANY INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2019**

Directors

T G Goddard  
P Dolan

Company Secretary

P Dolan

Head and Registered Office

3-5 Tower House  
Amwell Street  
Hoddesdon  
Hertfordshire EN11 8UR

Independent Auditor

Alliotts LLP  
Imperial House  
8 Kean Street  
London  
WC2B 4AS

## **TOWERS & CO., LIMITED**

### **STRATEGIC REPORT**

#### **Business Review**

Towers & Co., Limited ('Towers') is a long-established UK business which was founded in 1898, with its origins in the distribution of meat and poultry products. Today the business is an international food group trading meat, poultry and seafood in many key markets worldwide.

Rassau Seafood GmbH, the Company's wholly owned subsidiary based in Hamburg, Germany continues to build upon its success and reported another excellent year of trading profits.

#### **Financial Performance**

The Company's turnover decreased by 10.9% to £59.0 mln (2018: £66.1 mln).

The operating loss for the year was £392,000 (2018: loss £483,000).

During the year there was a substantial decrease in the turnover for our Far East Export business due to the uncertainty surrounding trade tariffs between the USA and China. This business will remain subdued until the geopolitical situation is clarified. As a result, Towers' international sales decreased from 20% of turnover down to 10%.

The gross profit margin in 2019 was 11.7% as compared to 10.9% in 2018. The improvement in gross margin was the result of less export sales at lower than average gross margin. This enabled the business to produce a reduced operating loss of £392,000.

The operating loss reflects the closure of TT Seafood, our UK based seafood trading business. In 2019 their turnover was £2.5 mln (2018: £2.6 mln) and an operating loss of £140K (2018: £15K).

The Company's net current assets remained consistent with £4.2 mln (2018: £4.3 mln) and the net assets of £11.2 mln (2018: £11.3 mln).

#### **Wholesale Distribution**

Our Wholesale Distribution business consists of our four depots in Mexborough, Northfleet, Portsmouth and Avonmouth.

The business experienced a challenging year in 2019, with higher raw material prices and weakening credit lines available in our customers. A number of changes have been made to the business, including new computer systems and we expect an improved performance in 2020.

## **STRATEGIC REPORT (continued)**

### **Trading**

Towers imports beef, lamb and poultry from around the World. We sell to wholesalers, processors and distributors in the UK and Europe and have established customer and supplier relationships developed over many years.

### **Seafood**

Rassau Seafood GmbH ('Rassau') is a wholly owned subsidiary of Towers & Co., Limited. The operating results of Rassau are not included in these financial statements but included in the consolidated group financial statements of Towers Thompson Holdings Limited.

### **Principal Risks and Uncertainties**

#### **Covid-19**

At the date of this report, incidents of the Covid-19 virus are growing worldwide. Although the Company has traded well so far throughout the pandemic, the Board considers that the situation represents a potential challenge to customer demand and credit ratings, product supply lines and on our operations during this year and next.

We consider that Towers is a well diversified business, operating in different market sectors and supplying many different product lines. The Company is well positioned in a global marketplace. The management team and the Board will continue to closely monitor the situation and react accordingly.

#### **Risk Management**

The Company's international trading expose it to degrees of risk that include liquidity risk, credit risk, interest rate risk and foreign currency risk. This note describes the Company's objectives, policies and procedures for managing these risks and the methods used to measure them.

#### **Credit risk**

The Company's credit risk is primarily attributable to its trade receivables. The Company does not have a significant concentration of risk, with experience spread over a wide variety of customer accounts. The risk is further mitigated by credit insurance of trade receivables.

## **STRATEGIC REPORT (continued)**

### **Liquidity risk**

Prudent liquidity risk management involves ensuring adequate working capital levels using bank borrowing arrangements.

In managing liquidity risk, the main objective is to ensure that the Company has the ability to pay all of its liabilities as they fall due. The Company monitors its levels of working capital to ensure it can meet its liability payments as they fall due.

### **Interest rate risk**

The interest payable on the Company's bank borrowing facilities is variable and are linked to movements on the Bank base rate.

### **Foreign Exchange risk**

Any foreign account exposure is mainly in relation to the strength of sterling against the Euro and US dollar. The transactional risk is considered manageable and the Company does buy foreign currency forward contracts to mitigate the risk.

## STRATEGIC REPORT (continued)

### Section 172 (1) Statement

Under s172 of the Companies Act 2006 directors of UK companies have a duty to promote the success of the company for the benefit of the members as a whole and, in doing so, have regard to:

- The likely consequences of any decision in the long term;
- The interests of the company's employees;
- The need to foster the company's business relationships with suppliers, customers and others;
- The impact of the company's operations on the community and the environment; and
- The desirability of the company maintaining a reputation for high standards of business conduct.

The Directors consider the following areas to be of key importance in the fulfilment of this duty:

- Carrying out detailed planning and forecasting to ensure the ongoing financial safety of the business;
- Monitoring the business plan in order to control deviation and achieve annual sales targets;
- Seeking opportunities to grow the business profitability and sustainably, for the benefit of current and future employees, customers and suppliers as well as the wider UK economy;
- Supervising the overall strategy of the Company and maintaining the highest standards of integrity and honesty in the company's dealings with employees, suppliers, the general public and local and national government.

### Outlook for 2020

Trading in much of the first half of 2020 was impacted significantly by the coronavirus pandemic. Importantly, the operating activities picked up strongly during May and June and this growth continued in Q3 2020.

The Board is encouraged by the speed of the recovery and if the trading momentum seen in Q3 2020 continues for the rest of the year, overall the result for 2020 will be better than for 2019. However forecasting remains challenging due to the ever changing macro economic climate.

We thank our talented staff for their dedication and hard work in continuing to successfully meet the everyday challenges facing the Company.

On behalf of the board

  
Paul Dolan (Dec 8, 2020 12:08 GMT)

**Paul Dolan**  
Executive Chairman

  
Terry Goddard (Dec 8, 2020 12:19 GMT)

**Terry Goddard**  
Managing Director

8 December 2020

## **TOWERS & CO., LIMITED**

### **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 December 2019. The annual report comprises the strategic report and directors' report, which together provide the information required by the Companies Act 2006. The financial statements have been prepared under United Kingdom Accounting Standards.

#### **Going Concern**

The directors have a reasonable expectation that the Company and the Group of which it is part have adequate resources to continue in operational existence for a minimum of 12 months from the date of signing the accounts. Therefore, they continue to adopt the going concern basis in preparing the financial statements.

#### **Key Performance Indicators (KPI)**

The main KPI, gross margin, increased to 11.7% in 2019 from 10.9% in 2018.

#### **Financial Instruments**

The major foreign currency involved in the Company's trading activities is the US dollar. The Company's policy is to hedge using forward foreign exchange contracts as soon as commitment has been given to the underlying transaction.

Practically all sales made on credit terms to the Company's customers are covered by credit insurance policies covering several different geographical territories.

#### **Results**

The results for the year are set out in the Statement of Comprehensive Income on page 14.

#### **Proposed Dividend**

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

#### **Directors**

Details of directors who held office during the financial year are:

T G Goddard

P Dolan

#### **Directors' Indemnities**

The Company indemnifies the directors in its Articles of Association to the extent allowed under section 232 of the Companies Act 2006. Furthermore, the Group maintains liability insurance for its directors and officers.

The Company has not made qualifying third party indemnity provisions for the benefit of its directors during the year.



## **DIRECTORS' REPORT (continued)**

### **Post balance sheet events**

The outbreak of Covid-19 in 2020 is having an unprecedented impact on people and economies worldwide. Towers has moved quickly to adapt our operations to operate in these new trading conditions.

Our people are our priority and we have moved quickly to ensure the safety of our workforce and protect income and jobs.

We have been able to maintain the supply of product and we are keeping our depots running throughout the many challenges in local operating environments.

Towers will continue to adapt throughout the crisis. Overall, the Company profitability is above budget and also the previous year, after 10 months of trading.

### **Political and Charitable Donations**

The Company made no political contributions during the current or prior year. Donations to UK charities amounted to £1,000 (2018: £1,000).

### **Disclosure of Information to Auditor**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### **Employment of Disabled Persons**

The Company's policy and practice is to encourage and assist the employment of disabled people and to retain employees who become disabled.

### **Employees**

The Company considers that a loyal and highly skilled workforce is essential to the future of its business, and therefore recognises that employees should be kept informed of the progress of their business and of the Company as a whole.

## **DIRECTORS' REPORT (continued)**

### **Auditor**

Alliotts LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

By order of the board

*Paul Dolan*  
Paul Dolan (Dec 8, 2020 12:08 GMT)

**Paul Dolan**  
*Executive Chairman*

*Terry Goddard*  
Terry Goddard (Dec 8, 2020 12:19 GMT)

**Terry Goddard**  
*Managing Director*

8 December 2020

3-5 Tower House  
Amwell Street  
Hoddesdon  
Hertfordshire  
EN11 8UR

## STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

This report was approved by the board on 8 December 2020 and signed on its behalf.

  
Paul Dolan (Dec 8, 2020 12:08 GMT)

**Paul Dolan**  
*Executive Chairman*

  
Terry Goddard (Dec 8, 2020 12:19 GMT)

**Terry Goddard**  
*Managing Director*

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TOWERS & CO., LIMITED**

### **Opinion**

We have audited the financial statements of Towers & Co., Limited (the "company") for the year ended 31 December 2019 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements of Towers & Co., Limited (the company):

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

### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the FRC's) Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

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

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TOWERS & CO., LIMITED**  
**(continued)**

**Other information**

The directors are responsible for the strategic report and the directors' report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements do not cover the other information and, except otherwise explicitly stated in our report, we do not express an audit opinion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

- the information given in the strategic report and the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the director's report have been prepared in accordance with applicable legal requirements.

**Matters on which we are Required to Report by Exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the director's report.

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TOWERS & CO., LIMITED**  
**(continued)**

**Directors' Responsibilities**

As explained more fully in their statement set out on page 9, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**Auditor's Responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

**Use of our report**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



**Stephen Meredith FCA (Senior Statutory Auditor)**  
**for and on behalf of Alliotts LLP**

**Chartered Accountants**  
**Statutory Auditor**

Imperial House  
8 Kean Street  
London  
WC2B 4AS

Date: 8 December 2020

**TOWERS & CO., LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

	<i>Note</i>	2019	2018
		£'000	£'000
<b>Turnover</b>	1.11, 2	59,015	66,105
Cost of Sales		(52,126)	(58,916)
<b>Gross Profit</b>		<u>6,889</u>	<u>7,189</u>
Distribution Costs		(1,307)	(1,405)
Administrative Expenses		<u>(5,974)</u>	<u>(6,267)</u>
<b>Operating (Loss)</b>	4	(392)	(483)
Income from Shares in Group Undertakings		616	900
Interest Payable and Similar Charges	1.12, 5	<u>(291)</u>	<u>(350)</u>
<b>(Loss)/Profit Before Taxation</b>		(67)	67
Tax on Profit	1.13, 6	-	19
<b>(Loss)/Profit for the Financial Year</b>		<u>(67)</u>	<u>86</u>
<b>Other Comprehensive (Expense)</b>			
<b>For the year ended 31 December 2019</b>			
Actuarial loss on defined benefit pension scheme		(25)	(150)
<b>Total Comprehensive (Expense) for the year</b>		<u>(92)</u>	<u>(64)</u>

The accompanying notes on pages 17-40 are an integral part of the financial statements.

**TOWERS & CO., LIMITED**  
**BALANCE SHEET**  
**AT 31 DECEMBER 2019**

	Note	2019		2018	
		£'000	£'000	£'000	£'000
<b>Fixed Assets</b>					
Tangible Assets	1.6,7		1,955		1,911
Investments	1.4,8		<u>5,261</u>		<u>5,261</u>
			7,216		7,172
<b>Current Assets</b>					
Stocks	1.7,9	4,313		4,591	
Debtors	10	14,838		15,536	
Cash at Bank and in Hand	1.5	<u>5</u>		<u>10</u>	
		19,156		20,137	
Creditors Due within One Year	12	<u>(14,966)</u>		<u>(15,789)</u>	
<b>Net Current Assets</b>			<u>4,190</u>		<u>4,348</u>
<b>Total Assets Less Current Liabilities</b>			11,406		11,520
<b>Provision for Liabilities</b>					
Pensions and Similar Obligations	15		(193)		(232)
<b>Net Assets</b>			<u>11,213</u>		<u>11,288</u>
<b>Capital and Reserves</b>					
Called Up Share Capital	13		13,549		13,549
Profit and Loss Account			(6,086)		(6,011)
Revaluation Reserve			<u>3,750</u>		<u>3,750</u>
<b>Shareholder's Funds</b>			<u>11,213</u>		<u>11,288</u>

The accompanying notes on pages 17-40 are an integral part of the financial statements.

These financial statements were approved by the Board of Directors on 8 December 2020 and were signed on its behalf by:

Paul Dolan  
Paul Dolan (Dec 8, 2020 12:08 GMT)

**Paul Dolan**  
Executive Chairman

Terry Goddard  
Terry Goddard (Dec 8, 2020 12:19 GMT)

**Terry Goddard**  
Managing Director

Company Registration number: 58397



**TOWERS & CO., LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**

	Called Up Share Capital £'000	Profit and Loss Account £'000	Revaluation Reserve £'000	Total Equity £'000
Balance at 1 January 2019	13,549	(6,011)	3,750	11,288
Total Comprehensive Expense for the year	-	(92)	-	(92)
Exchange differences	-	17	-	17
Balance at 31 December 2019	<u>13,549</u>	<u>(6,086)</u>	<u>3,750</u>	<u>11,213</u>

	Called Up Share Capital £'000	Profit and Loss Account £'000	Revaluation Reserve £'000	Total Equity £'000
Balance at 1 January 2018	13,549	(5,947)	3,750	11,352
Total Comprehensive Expense for the year	-	(64)	-	(64)
Exchange differences	-	-	-	-
Balance at 31 December 2018	<u>13,549</u>	<u>(6,011)</u>	<u>3,750</u>	<u>11,288</u>

The accompanying notes on pages 17-40 are an integral part of the financial statements.

**TOWERS & CO., LIMITED**  
**NOTES TO THE ACCOUNTS**

**1. ACCOUNTING POLICIES**

Towers & Co., Limited is a private company incorporated, domiciled and registered in England in the UK. The registered number is 58397 and the registered address is 3-5 Tower House, Amwell Street, Hoddesdon, Hertfordshire and EN11 8UR.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 102, *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102"). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's ultimate parent undertaking, Towers Thompson Holdings Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Towers Thompson Holdings Limited are prepared in accordance with Financial Reporting Standards 102, are available to the public and may be obtained from 3-5 Tower House, Amwell Street, Hoddesdon, Hertfordshire EN11 8UR.

In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

**1.1 Measurement convention**

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: tangible fixed assets and intangible assets measured in accordance with the revaluation model.

## **NOTES TO THE ACCOUNTS (continued)**

### **1.2 Going concern**

The financial statements have been prepared on a going concern basis, which the Directors believe to be appropriate for the following reasons. The Directors have prepared cash flow forecasts for the Company for a period of at least 12 months from the date of approval of these financial statements and these show that the Company should be able to operate within the current facilities available at the date of approval of these accounts. In doing so, the Directors have considered all factors likely to affect future developments, performance and the businesses financial position, including cashflows, liquidity position, borrowing facilities and the risks and uncertainties relating to business activities and current economic climate including the effects of the ongoing Covid-19 outbreak. There can be no certainty as to the timing or quantum of these cash flows. On the strength of these forecasts, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

### **1.3 Foreign currency**

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

### **1.4 Basic financial instruments**

#### **Trade and other debtors / creditors**

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

#### **Interest-bearing borrowings classified as basic financial instruments**

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

#### **Investments in subsidiaries**

These are separate financial statements of the Company. Investments in subsidiaries are carried at cost less impairment.

## **NOTES TO THE ACCOUNTS (continued)**

### **1.5 Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

### **1.6 Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of tangible fixed assets that had been revalued to fair value on or prior to the date of transition to FRS 102, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition, a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments.

The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described at 1.12 below.

The Company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- Freehold buildings      50 to 100 years
- Leasehold buildings    period of the lease
- Plant and equipment    5 to 10 years
- Motor vehicles          4 to 10 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

## **NOTES TO THE ACCOUNTS (continued)**

### **1.6 Tangible fixed assets (continued)**

#### **Revaluation**

Freehold buildings are stated at fair value less any subsequent accumulated depreciation and impairment losses.

Gains on revaluation are recognised in other comprehensive income and accumulated in equity/revaluation reserve. However, the increase is recognised in profit or loss to the extent that it reverses a revaluation decrease previously recognised in profit or loss.

Losses arising on revaluation are recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity, in respect of that asset. Any excess is recognised in profit or loss.

### **1.7 Stocks**

Stocks are stated at the lower of cost and estimated selling price.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stock over its estimated selling price is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

### **1.8 Impairment excluding stocks, and deferred tax assets**

#### **Financial assets (including trade and other debtors)**

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

## **NOTES TO THE ACCOUNTS (continued)**

### **1.8 Impairment excluding stocks, and deferred tax assets (continued)**

#### **Non-financial assets**

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

### **1.9 Employee benefits**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans and other long term employee benefits is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The Company determines the net interest expense/(income) on the net defined benefit liability/(asset) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability/(asset) taking account of changes arising as a result of contributions and benefit payments.

The discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to the terms of the Company's obligations. A valuation is performed every three years by a qualified actuary using the projected unit credit method. The Company recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in profit or loss.

Remeasurement of the net defined benefit liability/asset is recognised in other comprehensive income in the period in which it occurs.

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an expense in the profit and loss accounts in the periods during which services are rendered by employees.

## **NOTES TO THE ACCOUNTS (continued)**

### **1.10 Provisions**

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

### **1.11 Turnover**

Turnover represents the invoiced value of sales during the year excluding transactions between companies within the group and excluding value added tax where applicable. Turnover is recognised upon despatch of the goods or services.

### **1.12 Expenses**

#### **Operating lease**

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

#### **Finance lease**

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

## **NOTES TO THE ACCOUNTS (continued)**

### **1.12 Expenses (continued)**

#### **Interest receivable and interest payable**

Interest payable and similar charges include interest payable, finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account.

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the Company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

### **1.13 Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. For non-depreciable assets that are measured using the revaluation model, deferred tax is provided at the rates and allowances applicable to the sale of the asset/property. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.



## **NOTES TO THE ACCOUNTS (continued)**

### **1.14 Judgements and key sources of estimation uncertainty**

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

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

#### **Critical judgements and estimates**

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements

#### **Tangible assets**

The directors assess whether there are indicators of impairment on the freehold building and other tangible assets that would result in a change in the estimate of the residual value of the asset, depreciation method or useful life. Factors taken into consideration in reaching such a decision include changes in market prices and expected future financial performance of the asset.

Property, plant and equipment are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Estimations are made in relation to the valuation reports of fixed assets against current market value.

#### **Stock**

Stocks are valued at the lower of cost and net realisable value. Net realisable value includes, where necessary, provisions for slow moving and obsolete stocks.

When considering the stock provision, management considers the nature and condition of the stock, as well as recent sales performance of stock lines.

**Deferred tax**

The company has a deferred tax asset on tax losses which has been recognised in the accounts due to the forecasts that the company will be profitable for the foreseeable future.

**Revenue Recognition**

Revenue is recognised upon the date of the sale goods, the principal revenue activity being the supply of meat product.

The director considers that this is when it is probable that the economic benefits associated with the provision of the service will flow to the entity.

**Going concern**

As described in note 1.2 the board considers that there is sufficient certainty that the company will continue in business so that the Financial Statements can be prepared under the going concern basis. In reaching that decision the board have evaluated future financing options available to the company.

**2. ANALYSIS OF TURNOVER**

All the Company's turnover is derived from the Company's main activity, food wholesaling. Turnover is analysed by geographical market as follows:

	2019	2018
	£'000	£'000
United Kingdom	51,200	51,796
Europe	577	724
Rest of World	7,238	13,585
Total turnover	<u>59,015</u>	<u>66,105</u>

### 3. EMPLOYEES AND DIRECTORS

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

	<b>Number of employees</b>	
	2019	2018
Management	3	3
Administration	21	21
Production & distribution	97	102
	<u>121</u>	<u>126</u>

	2019	2018
	£'000	£'000
The aggregate payroll costs of these persons were as follows:		
Wages and salaries	3,642	3,623
Social security costs	372	383
Contributions made to defined contribution plans	118	104
	<u>4,132</u>	<u>4,110</u>

	2019	2018
	£'000	£'000
Remuneration paid to executive directors	170	187
Pension contributions	-	-
	<u>170</u>	<u>187</u>

The remuneration paid to the highest paid director, excluding defined benefit pension contributions, amounted to £117,000 (2018: £120,000). Pension contributions of £nil (2018: £nil) were paid on his behalf during the year. Neither director accrued benefits in the year. The highest paid director had an accrued pension at the year end of £nil (2018: £nil).

## NOTES TO THE ACCOUNTS (continued)

### 4. EXPENSES AND AUDITOR'S REMUNERATION

Included in operating (loss) are the following:

	2019 £'000	2018 £'000
Auditor's remuneration:		
Audit of these financial statements	40	58
Operating lease charges:		
Plant & machinery	424	470
Other	146	190
Depreciation - owned assets	165	137

### 5. INTEREST PAYABLE AND SIMILAR CHARGES

	2019 £'000	2018 £'000
On bank loans and overdrafts	231	226
Interest payable to group undertakings	55	78
Net interest cost on net defined benefit plan assets (note 16)	5	1
Net foreign exchange losses	-	45
Total interest payable and similar charges	<u>291</u>	<u>350</u>

## NOTES TO THE ACCOUNTS (continued)

### 6. TAXATION

<b>Total tax expense recognised in the profit and loss account, other comprehensive income and equity</b>	2019 £'000	2018 £'000
<b>Current tax</b>		
Adjustments in respect of prior periods	-	-
Current tax on income for the year	-	-
<b>Total current tax</b>	-	-
<i>Deferred tax (note 11)</i>		
Origination/reversal of timing differences	-	19
<b>Total deferred tax</b>	-	19
Deferred tax on pension scheme asset	-	-
<b>Total tax</b>	-	19

	2019			2018		
	Current Tax £000s	Deferred Tax £000s	Total Tax £000s	Current Tax £000s	Deferred Tax £000s	Total Tax £000s
Recognised in Profit and Loss Account	-	-	-	-	19	19
<b>Total tax</b>	-	-	-	-	19	19

## NOTES TO THE ACCOUNTS (continued)

### 6. TAXATION (continued)

	2019 £'000	2018 £'000
<b>Reconciliation of effective tax rate</b>		
(Loss)/Profit for the year	(67)	86
Total taxation credit	<u>-</u>	<u>19</u>
(Loss)/Profit excluding taxation	<u>(67)</u>	<u>67</u>
<i>Tax using the UK corporation tax rate of 19% (2018: 19%)</i>	-	13
Expenses not deductible for tax purposes	-	5
Non-taxable income	-	(171)
Adjustments in respect of prior periods	-	-
Current year losses for which no deferred tax asset was recognized	-	172
Total tax expense included in profit and loss	<u>-</u>	<u>19</u>

## NOTES TO THE ACCOUNTS (continued)

### 7. TANGIBLE FIXED ASSETS

	Freehold Land and Buildings £'000	Short Leasehold Property £'000	Plant, Equipment & Vehicles £'000	Total £'000
<b>Cost or Valuation</b>				
At 1 January 2019	414	335	5,103	5,852
Additions	-	-	223	223
Disposals	-	-	(34)	(34)
At 31 December 2019	<u>414</u>	<u>335</u>	<u>5,292</u>	<u>6,041</u>
<b>Depreciation</b>				
At 1 January 2019	5	195	3,741	3,941
Charge For Year	-	14	151	165
Disposals	-	-	(20)	(20)
At 31 December 2019	<u>5</u>	<u>209</u>	<u>3,872</u>	<u>4,086</u>
<b>Net Book Value</b>				
At 31 December 2019	<u>409</u>	<u>126</u>	<u>1,420</u>	<u>1,955</u>
At 1 January 2019	<u>409</u>	<u>140</u>	<u>1,362</u>	<u>1,911</u>

Included in the total for freehold land and buildings is land of £120,000 which is not depreciated (2018: £120,000).

The directors are not aware of any material change in value to the other classes of assets.

## NOTES TO THE ACCOUNTS (continued)

### 8. FIXED ASSET INVESTMENTS

	Shares in Subsidiary Undertakings £'000
At 1 January 2019	5,261
Impairment losses	-
At 31 December 2019	<u>5,261</u>

The principal subsidiary undertaking which is wholly owned is as follows:

<b>Operating Subsidiary</b>	<b>Activity</b>	<b>Country of Incorporation</b>	<b>Registered Address</b>	<b>Ordinary Share Capital</b>
Rassau Seafood GmbH	Seafood Distribution	Germany	Virchowstrasse 17, 22767 Hamburg	100%

This subsidiary is included in the consolidated results of the parent company, Towers Thompson Holdings Limited.

The details of the other subsidiaries, all of which are wholly owned, which have no financial transactions are shown below. The country of incorporation and principal place of business is the UK and the address of the registered office of each entity is the same as the registered office of this Company unless otherwise stated.

British and Overseas Meats Ltd  
 House of Hermanns (Growers) Ltd  
 Kenton Packing Station Ltd  
 New Zealand Premier Lamb Importers Ltd  
 New Zealand Premier Meat Company Ltd  
 Premonit Ltd  
 Pyke Biggs Fairfax (Brighton) Ltd  
 Rowlands (Food Providers) Ltd  
 Sinoway Food Industries Pty Ltd (incorporated in Hong Kong)  
 Superior Foods (Mexborough) Ltd  
 The Stockbreeders Meat Company Ltd  
 Towers & Co (Services) Ltd  
 Towers Barron Ltd  
 Towers Meats Ltd  
 Towers Thompson Ltd  
 Towers Thompson (Australia) Pty Ltd (incorporated in Australia)  
 Towers Thompson Seafood Ltd



## NOTES TO THE ACCOUNTS (continued)

### 9. STOCKS

	2019 £'000	2018 £'000
Finished goods	4,313	4,591

### 10. DEBTORS

	2019 £'000	2018 £'000
Amounts receivable within one year:		
Trade debtors	5,877	6,710
Amounts owed by group undertakings	7,026	6,999
Other debtors	375	554
Prepayments and accrued income	436	149
	<u>13,714</u>	<u>14,412</u>
Amounts receivable after more than one year:		
Deferred tax asset (note 11)	1,124	1,124
	<u>14,838</u>	<u>15,536</u>

### 11. DEFERRED TAXATION

The elements of deferred taxation are as follows:

	2019 £'000	2018 £'000
Difference between accumulated depreciation and capital allowances	(106)	(106)
Effect of trading losses	1,230	1,230
	<u>1,124</u>	<u>1,124</u>

The Company holds tax losses of £10,364,000 (2018: £9,784,000) available for carry forward. However, £3,891,000 (2018: £2,549,000) of these losses with a potential deferred tax asset of £739,000 (2018: £433,000), have not been recognised in these financial statements as the future recovery is uncertain. This potential deferred tax asset will be recognised when it can be regarded as more likely than not that there will be sufficient taxable profits from which tax losses can be deducted.

## NOTES TO THE ACCOUNTS (continued)

### 12. CREDITORS DUE WITHIN ONE YEAR

	2019 £'000	2018 £'000
Bank overdrafts	5,586	6,341
Trade creditors	4,388	4,146
Amounts owed to group undertakings	3,318	3,553
Taxation and social security	246	246
Other creditors	176	114
Accruals and deferred income	1,252	1,389
	<u>14,966</u>	<u>15,789</u>

The majority of the Group's bank overdrafts are secured by a debenture. These are repayable on demand and attract a core blended interest rate of 3.25%.

### 13. CALLED UP SHARE CAPITAL

	At 1 January and 31 December 2019 £'000
<b>Authorised</b>	
17,000,000 ordinary shares at £1 each	<u>17,000</u>
<b>Allotted, Called Up and Fully Paid</b>	
13,548,673 ordinary shares at £1 each	<u>13,549</u>
<b>Shares Classified in Shareholder's Funds</b>	<u>13,549</u>

The company has one class of ordinary shares which carry no right to fixed income. Each share carries one voting right.

## NOTES TO THE ACCOUNTS (continued)

### 14. FINANCIAL INSTRUMENTS

#### Fair values of financial instruments

Set out in the table below are the carrying values and fair values of all of the Company's financial instruments at 31 December 2019 and 31 December 2018:

	Fair Value Hierarchy level	Fair Value		Carrying Value	
		2019 £'000	2018 £'000	2019 £'000	2018 £'000
<b>Financial Assets</b>					
<b>Loans and debtors</b>					
Trade debtors	3	5,877	6,710	5,877	6,710
Other debtors	3	375	554	375	554
Cash and cash equivalents	1	5	10	5	10
		<u>6,257</u>	<u>7,274</u>	<u>6,257</u>	<u>7,274</u>
<b>Financial Liabilities</b>					
Trade creditors	3	4,388	4,146	4,388	4,146
Short term borrowings	3	5,586	6,341	5,586	6,341
		<u>9,974</u>	<u>10,487</u>	<u>9,974</u>	<u>10,487</u>

The following assumptions were used to estimate fair values:

Trade and other receivables – these are carried at amortised cost using the year end exchange rate and fair value is deemed to be the same as this.

Cash and cash equivalents – the fair value is aligned to the carrying amounts stated in the accounts.

Trade payables – these are carried at amortised cost using the year end exchange rate and fair value is deemed to be the same as this.

Loans – the fair value approximates to the carrying amount because of the short maturity of these instruments. Interest is calculated at the rate stated in the contract and is not discounted as it is due within less than one year.

## **NOTES TO THE ACCOUNTS (continued)**

### **14. FINANCIAL INSTRUMENTS (continued)**

#### **Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers. Policies and procedures exist to ensure that the trade debtors have an appropriate credit history. The Company maintains a credit insurance policy to insure the majority of trade debtors against credit default. Overall, the Company considers that it is not exposed to a significant amount of credit risk.

#### **Foreign exchange risk**

The Company makes purchases and sales in foreign currencies. The risk of foreign currency fluctuations is minimized through the use of foreign currency hedging.

### **15. PENSION COSTS**

Contributions in respect of the Towers Scheme are determined on a money purchase (defined contribution) basis and the pension costs of £118,000 (2018: £104,000) reflects the amount of contributions during the calendar year. No contributions (2018: £nil) were payable to the fund at the year end and included in creditors.

Contributions to the Group's defined benefits scheme (the John Silver Scheme) are charged to the profit and loss account so as to spread the cost of the pension over the employees' working lives with the Company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

The John Silver Scheme is closed to new entrants. As a consequence, the current service cost calculated under the projected unit method, when expressed as a percentage of the pensionable payroll, can be expected to increase over time, as the average age of the membership increases.

The most recent actuarial valuation for the John Silver Scheme was carried out on 1 November 2015 and assessed on the Continuing Valuation basis. The realisable value of the Scheme's assets at that date was £2,577,000 and the actuarial value of those assets represented 94% of the benefits that had accrued to members, after allowing for expected future increases in earnings. Following the 1 November 2015 actuarial valuation, the Company has agreed to pay 42% of Pensionable Earnings to cover the cost of benefits accruing in the future along with £50,000 per annum from 2017 to 2023 to make good the funding shortfall (including £25,000 per annum towards the cost of administering the Scheme).

## NOTES TO THE ACCOUNTS (continued)

### 15. PENSION COSTS (continued)

The pension contribution made by the Company over the year to the John Silver Scheme was £90,000 (2018: £90,000). No contributions were outstanding to the fund at the year end (2018: £nil).

	2019	2018
	£'000	£'000
Plan assets	130	54
Defined benefit obligation	(323)	(286)
Net pension (liability)/ (pre deferred tax)	(193)	(232)
Related deferred tax asset	-	-
Net pension (liability)	(193)	(232)

#### *Movements in present value of defined benefit obligation:*

	2019	2018
	£'000	£'000
Scheme liabilities at start of the year	286	1,244
Current service cost	-	-
Interest cost	8	18
Actuarial loss	29	148
Benefits paid	-	(448)
Curtailments	-	-
Settlements	-	(676)
Scheme liabilities at end of the year	323	286

#### *Movement in fair value of plan assets:*

	2019	2018
	£'000	£'000
Fair value of scheme assets at start of year	54	1,248
Interest income	3	17
Actuarial gain/(loss)	4	(2)
Contributions by employer	90	90
Non-investment expenses	(21)	(44)
Benefits paid	-	(448)
Settlements	-	(807)
Fair value of scheme assets at end of the year	130	54

The scheme has a small number of pensions in payment relating to previous member retirements, which have been fully secured through an insurance company. The value of these insured liabilities has been excluded from the calculation of the present scheme liabilities. Similarly the market value of assets held by the insurance companies in respect of these policies has been excluded from the Company's above disclosure.

## NOTES TO THE ACCOUNTS (continued)

### 15. PENSION COSTS (continued)

Expense recognised in the Profit and Loss Account:

	2019	2018
	£'000	£'000
Current service cost	-	-
Non-investment expenses	21	44
Net interest on net defined benefit liability	5	1
Curtailments	-	-
Settlements	-	131
	<u>26</u>	<u>176</u>

The fair value of the plan assets and the return on those assets were as follows:

	2019	2018
	Fair value	Fair value
	£'000	£'000
Equities	92	20
Bonds	-	-
Cash	38	34
	<u>130</u>	<u>54</u>
Actual return on plan assets	<u>7</u>	<u>15</u>

An actuarial valuation of the scheme was carried out at 31 December 2019 on a set of assumptions consistent with those required under FRS 102 by a qualified actuary.

Principal actuarial assumptions (expressed as weighted averages) at the year end were as follow by the actuary were:

	2019	2018
Rate of increase in pensionable salaries	-	-
Rate of increases in pensions in payment (LPI with a minimum of 0% and a maximum of 5%)	3.3%	3.3%
Rate of increases in pension payment (LPI with a minimum of 3% and a maximum of 5%)	3.7%	3.7%
Discount rate	2.0%	2.9%
Rate of revaluation of deferred pensions	2.2%	2.4%
Inflation assumption	3.2%	3.4%

In valuing the liabilities of the pension plan at 31 December 2019, mortality assumptions have been made as indicated below. If life expectancy had been changed to assume that all members of the fund lived for one year longer, the value of the reported liabilities at 31 December 2019 would have increased by £15,000 before deferred tax (2018: £11,000).

## NOTES TO THE ACCOUNTS (continued)

### 15. PENSION COSTS (continued)

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard achievable mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

Current pension age 65: 23.3 years (male), 24.7 years (female).

Future retiree upon reaching 65: 24.8 years (male), 26.4 years (female).

The assumptions used by the actuary are chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

### 16. OPERATING LEASES

Non-cancellable operating lease rentals are payable as follows:

	Land & Buildings	Plant Equipment & Vehicles	Land & Buildings	Plant Equipment & Vehicles
	2019	2019	2018	2018
	£'000	£'000	£'000	£'000
Within one year	182	447	182	500
Between one and five years	302	277	484	492
	<u>484</u>	<u>724</u>	<u>666</u>	<u>992</u>

During the year £570,000 was recognised as an expense in the profit and loss account in respect of operating leases (2018: £660,000).

### 17. CONTINGENCIES

The Company has given certain guarantees in the normal course of business amounting to £nil (2018: £nil).

## NOTES TO THE ACCOUNTS (continued)

### 18. RELATED PARTIES

The Company is controlled by Towers Thompson Holdings Limited. The Company is a subsidiary undertaking of Towers Thompson Holdings Limited which is the ultimate parent company incorporated in England and Wales.

The largest and smallest group in which the results of the Company are consolidated is that headed by Towers Thompson Holdings Limited. The consolidated financial statements of this group can be obtained from 3-5 Tower House, Amwell Street, Hoddesdon, Hertfordshire EN11 8UR.

#### Transactions with related parties

The Company has taken advantage of the exemption available in Paragraph 33.1A of FRS 102 whereby it has not disclosed transactions with other companies that are wholly owned within the Group.

The following amounts were outstanding at the reporting end date:

	2019 £000s	2018 £000s
<b>Amounts due from related parties</b>		
Parent company	7,026	6,999
<b>Amounts due to related parties</b>		
Subsidiaries	3,318	3,553

The directors are considered to be the key management personnel and their remuneration is disclosed in Note 3.

### 19. EVENTS AFTER THE REPORTING DATE

For the company's 31 December 2019 financial statements, the Coronavirus outbreak and the related impacts are considered non-adjusting events. Consequently, there is no impact on the recognition and measurement of assets and liabilities. Due to the uncertainty of the outcome of the current events, the company cannot reasonably estimate the impact these events will have on the company's financial position, results of operations or cash flows in the future.

The directors will though continue to monitor the impact of the Coronavirus on the activities of the company.



## **20. ULTIMATE CONTROLLING PARTY AND PARENT COMPANY OF LARGER GROUP**

The Company is a subsidiary undertaking of Towers Thompson Holdings Limited. The ultimate controlling parties are the directors.

The largest and smallest group in which the results of the Company are consolidated is that headed by Towers Thompson Holdings Limited, 3-5 Tower House, Amwell Street, Hoddesdon, Hertfordshire and EN11 8UR. No other group financial statements include the results of the Company. The consolidated financial statements of these groups are available to the public and may be obtained from 3-5 Tower House, Amwell Street, Hoddesdon, Hertfordshire and EN11 8UR.