Registered number 202224

# Stedall (Vehicle Fittings) Limited

## Report and Financial Statements

31 December 2019

## Company Information

### Directors
B R Horth
D M Pearce

### Secretary
D M Pearce

### Auditors
Ernst & Young LLP
The Paragon, Counterslip
Bristol BS1 6BX
United Kingdom

### Bankers
The Royal Bank of Scotland plc
Abbey Gardens
4 Abbey Street
Reading
Berkshire RG1 3BA
United Kingdom

### Registered Office
Unit 1A
Badminton Road Trading Estate
Yate
Bristol BS37 5JS
United Kingdom

Registered No. 202224

# Directors' report

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

## Results and dividends

The profit for the year after taxation amounted to £1,644,000 (2018 – profit of £1,674,000). During the year a dividend was declared and paid of £3,000,000 (2018 – £2,000,000).

## Going concern

The company's business activities and financial position are described in the strategic report.

In assessing the going concern of the company for the period ended 31 December 2019 the directors have considered the company's cashflows, liquidity and business activities through to August 2021. The directors are of the view that it is appropriate to apply the going concern basis.

Over the past few years the company has not needed to utilise external funding facilities or relied on the ultimate parent company, Citadel Enterprises B.V ('parent company') for funding support. The company can continue to operate without requiring external funding, or the support of its parent company for the next 12 months. The company has not applied for any loans under the government backed scheme and does not envisage the need to do so in future.

The directors have adopted the going concern basis in preparing the company's financial statements based on their assessment of the company's plan (authorised annually by the Board) and a 12-month rolling forecast to August 2021. The directors have made this assessment after consideration of the potential impact of the pandemic on the operating performance of the company over the next 12-month period. This assessment has taken into account actual business performance achieved to June 2020 and forecasts from July 2020 onwards. Operationally the company has implemented a number of actions to manage costs and cash in order to maintain sufficient working capital within its available cash resources. These include, but are not limited to, delay or deferral of non-essential operating costs and appropriate utilisation of the Job Retention Scheme

The company's financial modelling for the remainder of the year and into 2021 recognises performance to date and shows a slow recovery towards last year's volumes, with turnover remaining in line with that achieved during May and June, and with turnover for the whole year therefore falling below that of 2019 and a "new normal" being established. In the early part of June 2020 many customers who had previously closed reopened in line with the easing of the government lock down policy and several have already placed orders for Quarter 3 delivery.

In arriving at their going concern assessment, the directors have also modelled the impact of more severe trading conditions and considered downside scenarios in respect of unanticipated reductions in business activity and volumes to stress test the resilience of the company including a 35% and 50% reduction in revenues and gross margin respectively for a period of 12 months through to August 2021. The financial impact of these downside scenarios indicating that the Company would continue to operate without requiring funding over the next 12 months.

# Directors' report (continued)

## Events after the balance sheet date

Since the preparation of the financial statements there has been a global pandemic, or Covid-19, which has had a significant impact on the way business is being conducted. We believe the impact of this will be felt for some considerable time, with the country set for a prolonged period of reduced economic activity.

Trading activity in terms of sales turnover saw a fall of 37% in the first 4 months (January to April 2020) of lockdown in the UK when compared with the same four-month period in 2019; this translates into a 25% fall for the first six months of 2020 compared with the first six months of 2019. Current indications are that the 4-month March to June 2020 period will be the nadir of 2020 with customers in non-essential sectors beginning to come back on line, as more parts of the UK economy gradually reopen. Despite this fall in turnover profits remain strong and are ahead of "pre covid" plans as a percentage of turnover. This has been achieved by improvements in margin and significant overhead savings as a result of reduced activity.

Cash performance has been good with no recourse to external funding. Working capital is being tightly controlled within the context of building short term buffer stocks of some product lines, as a hedge against unanticipated disruptions. To date there have been no significant problems with either supply or debt collection and robust credit control procedures are in place. At the end of June 2020, the company had net cash deposits of £1,500,000.

Despite the reduction in turnover, we have analysed our cashflow and we are confident that we can withstand this fall in income over the next 12 months. We have put actions in place to reduce costs to conserve cash and defer non-essential capital and operating expenditure.

The Company's defined benefit pension scheme is also exposed to the impact of this pandemic through fluctuations in the pension scheme asset values and also changes in financial assumptions used to determine the pension scheme obligations. Given the complexity of the situation, its rapid evolution and the risk of a second wave of the pandemic, it is not practicable as of the date of approval of these financial statements to reliably make a quantified estimate of the potential impact on accounting deficit related to the defined benefit pension scheme.

On 2nd January 2020 we renegotiated the terms of the intercompany receivable of £2,949,000 due from the parent company. The agreement continues to provide for interest at an arm's length variable rate, currently 2.66%, with the loan being repayable in one instalment on 31 December 2025.

## Directors

The directors who served the company during the year and up to the date of this report were as follows

D M Pearce

B R Horth

# Directors' report (continued)

### Directors' liabilities

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

### Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

### Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 12/8/20 and signed on its behalf

D M Pearce
Secretary

# Strategic Report

## Principal activity and review of the business

The company's principal activity is the sale of commercial vehicle body fittings and associated products in the United Kingdom, Europe and other overseas markets.

The company's key performance indicators during the year were as follows:

| | *2019* | *2018* | *Change* |
|---|---|---|---|
| | *£000* | *£000* | *%* |
| Turnover | 8,617 | 8,724 | -1.2% |
| Operating profit | 1,893 | 1,999 | -5.3% |
| Profit after tax excluding other comprehensive income | 1,644 | 1,674 | -1.8% |
| Shareholders' funds | 6,351 | 8,271 | -23.2% |
| Current ratio | 701% | 697% | 4% |

Turnover decreased against 2018 as some major customers were affected by BREXIT uncertainty and lack of clarity surrounding the future government policy on diesel vehicles.

Current ratio has increased by 4% due to a decrease in trade creditors which in turn were driven by the reduction in turnover.

## Future developments

The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year. Notwithstanding the changes resulting from the coronavirus outbreak the company has continued, and adapted its long-term strategies, which are:

- To maintain high levels of service to key customers and in doing so strengthen the Company Brand.
- To implement procedures to increase workforce resilience and ensure adequate protection for all employees.
- To strengthen relationships with key Suppliers.

The Directors believe that these ongoing strategies have strengthened the company's ability to withstand the economic downturn, that will inevitability follow resolution of the pandemic, and to take advantage of the recovery that will eventually follow

## Principal risks and uncertainties

The directors continually review and evaluate the risks that the company is facing.

**Corona Virus**

At the beginning of March 2020, it became apparent that the outbreak of coronavirus would have a profound impact on the UK economy and that the company would have to adapt its ongoing strategy accordingly. The key priority became the health and safety of staff, customers and other business partners.

Stedall sell to sectors that were deemed essential by the UK Government and therefore the decision was taken to remain open throughout lock down, albeit with a skeleton staff. The staff worked on a rota of one week on then one week off. All sales and admin staff were given access to Microsoft Teams and were expected to work from home when not in the office.
The perceived efficiency and potential cost savings deem it highly likely that longer term strategies will incorporate a significant element of homeworking. This has enabled the company to apply government guidance, including social distancing as well as giving the flexibility required to manage any fluctuations in demand which inevitably result from the ever-changing economic outlook.

# Strategic Report (continued)

### Corona Virus (continued)

Whilst the company traded through the lock down period the majority of customers were closed. This meant that the company was unable to trade profitably in April and May. Subsequently, since Government easing of lock down, customers have recommenced their operations and June saw a return to profit.

The company is not dependant on any single supplier or any single country. Most products can be sourced from multiple suppliers in Europe, Asia and the Far East.

Employee absenteeism has been very low and there has been an exemplary response to the requests for changes in working practice and increased flexibility. We are in constant contact with our logistics providers who have continued to operate as normal.

The company continues to have full support from its parent.

### Brexit

Brexit continues to create uncertainty with trade talks due to continue throughout 2020

The full business implications of Brexit remain uncertain, but it could cause disruptions to and create uncertainty around our business, including affecting our relationships with our existing and future customers & suppliers These disruptions and uncertainties could have an adverse effect on our business, financial results and operations. As further details of the Brexit terms emerge, the management will continue to assess the potential risks and impacts of these, which could include currency fluctuations, trading arrangements and employment issues.

### Competitive risks

Due to the nature of the market in Europe and the rest of the world, the company has faced competition throughout the years. The company puts strong emphasis on its excellent service levels, quality of its products and competitive pricing to its customer base to maintain its position within the market.

### Financial instruments risks

The company has established a risk and financial management framework whose primary objectives are to protect the company from events that hinder the achievement of the company's performance objectives. The objectives aim to limit undue counterparty exposure, ensure sufficient working capital exists and monitor the management of risk at a business unit level.

### Exposure to price, credit, liquidity and cash flow risk

Price risk arises on inventory purchases, but the company aims to minimise risk through effective management of inventory levels, monitoring stock turn and reviewing prices regularly.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Company policies are aimed at minimising such losses, and require that material deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures. Details of the company's debtors are shown in note 11 to the financial statements. The company limits individual trade debtor exposures and these limits are reviewed on a continual basis.

# Strategic Report (continued)

**Exposure to price, credit, liquidity and cash flow risk (continued)**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company aims to mitigate liquidity risk by managing cash generated by its operation and applying cash collection targets. The company is focussed on reducing debtor and inventory days.

Cash flow risk is the risk of exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability. The company manages this risk by the use of short term loan facilities.

This report was approved by the board on 12/8/20 and signed on its behalf

D M Pearce
Secretary

# Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102. 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 judgments 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

# Independent auditor's report

## to the members of Stedall (Vehicle Fittings) Limited

**Opinion**

We have audited the financial statements of Stedall (Vehicle Fittings) Limited for the year ended 31 December 2019 which comprise the Profit and loss account, the Statement of comprehensive income, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 17, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

**Basis for opinion**

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Emphasis of matter – Disclosures in relation to the effects of COVID 19**

We draw attention to Notes 1 and 17 of the financial statements, which describe the financial and operational consequences the company is facing as a result of COVID-19. Our opinion is not modified in respect of this matter.

**Conclusions relating to going concern**

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

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

# Independent auditor's report (continued)

## to the members of Stedall (Vehicle Fittings) Limited

**Other information**

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

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

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

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

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

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

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

# Independent auditor's report (continued)

## to the members of Stedall (Vehicle Fittings) Limited

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

**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.

Ernst & Young LLP

Elizabeth Gray (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
Bristol
Date 12 August 2020

# Profit and loss account

**for the year ended 31 December 2019**

| | *Notes* | *2019* *£000* | *2018* *£000* |
|---|---|---|---|
| ***Turnover*** | 3 | 8,617 | 8,724 |
| Cost of sales | | (4,566) | (4,557) |
| ***Gross profit*** | | 4,051 | 4,167 |
| Distribution costs | | (573) | (577) |
| Administrative expenses | | (1,585) | (1,591) |
| ***Operating profit*** | 4 | 1,893 | 1,999 |
| Interest receivable and similar income | 7 | 102 | 139 |
| Interest payable and similar charges | 7 | (2) | (58) |
| ***Profit on ordinary activities before taxation*** | | 1,993 | 2,080 |
| Tax | 8 | (349) | (406) |
| ***Profit for the financial year*** | | 1,644 | 1,674 |

All amounts relate to continuing activities.

# Statement of comprehensive income

**for the year ended 31 December 2019**

| | Notes | 2019 £000 | 2018 £000 |
|---|---|---|---|
| ***Profit for the financial year*** | | 1,644 | 1,674 |
| Remeasurement on defined benefit scheme (loss)/gain | 14 | (680) | 1,740 |
| Movement on deferred tax relating to pension loss/(gain) | 8 | 116 | (275) |
| ***Other comprehensive (loss)/gain for the year*** | | (564) | 1,465 |
| ***Total comprehensive income for the year*** | | 1,080 | 3,139 |

# Balance sheet

**at 31 December 2019**

| | Notes | 2019<br>£000 | 2018<br>£000 |
|---|---|---|---|
| ***Fixed assets*** | | | |
| Tangible assets | 9 | 69 | 51 |
| | | 69 | 51 |
| ***Current assets*** | | | |
| Stocks | 10 | 1,441 | 1,347 |
| Debtors | 11 | 4,464 | 6,722 |
| Cash at bank and in hand | | 1,899 | 2,026 |
| | | 7,804 | 10,095 |
| ***Creditors:*** amounts falling due within one year | 12 | (1,113) | (1,448) |
| ***Net current assets*** | | 6,691 | 8,647 |
| ***Total assets less current liabilities*** | | 6,760 | 8,698 |
| Pension liability | 14 | (409) | (427) |
| ***Net assets*** | | 6,351 | 8,271 |
| ***Capital and reserves*** | | | |
| Called up share capital | 13 | 78 | 78 |
| Share premium account | | 5 | 5 |
| Profit and loss account | 13 | 6,268 | 8,188 |
| ***Shareholders' funds*** | | 6,351 | 8,271 |

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

B R Horth

Director

Date 12/8/20

# Statement of changes in equity

**for the year ended 31 December 2019**

| | *Share capital* *£000* | *Share premium* *£000* | *Retained earnings* *£000* | *Total equity* *£000* |
|---|---|---|---|---|
| **At 1 January 2018** | 78 | 5 | 7,049 | 7,132 |
| Profit for the year | - | - | 1,674 | 1,674 |
| Other comprehensive gain for the year | - | - | 1,465 | 1,465 |
| Total comprehensive income for the year | - | - | 3,139 | 3,139 |
| Dividend paid in year | | | (2,000) | (2,000) |
| **At 1 January 2019** | 78 | 5 | 8,188 | 8,271 |
| Profit for the year | - | - | 1,644 | 1,644 |
| Other comprehensive loss for the year | - | - | (564) | (564) |
| Total comprehensive income for the year | - | - | 1,080 | 1,080 |
| Dividend paid in year | | | (3,000) | (3,000) |
| **At 31 December 2019** | 78 | 5 | 6,268 | 6,351 |

# Notes to the financial statements

**at 31 December 2019**

## 1. Accounting policies

### *1.1 Basis of preparation of financial statements*

Stedall (Vehicle Fittings) Limited is a company incorporated in England and Wales under the Companies Act. The address of the registered office is Unit 1A, Badminton Road Trading Estate, Yate, Bristol, BS37 5JS. The nature of the company's operations and its principal activities are set out in the strategic report on pages 4 to 5.

These financial statements were authorised for issue by the Board of Directors on 12 August 2020. The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

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

The company's financial statements are presented in sterling and all values rounded to the nearest thousand pounds (£000) except when otherwise indicated.

Exemptions for qualifying entities under FRS 102:

FRS 102 allows a qualifying entity certain disclosure exemption. A qualifying entity is defined as a member of a group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated. Stedall (Vehicle Fittings) Limited is a qualifying entity as its results are consolidated into the financial statements of Citadel Enterprises B.V. a company incorporated in The Netherlands, registration number 32039365. The consolidated financial statements of Citadel Enterprises B.V are publicly available from their registered office; Soestdijkerstraatweg 62, 1213 XE, Hilversum, The Netherlands.

*As a qualifying entity, the Company has taken advantage of the following exemptions:*

i) from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in the consolidated financial statements of Citadel Enterprises B.V includes the Company's cash flows (FRS 102 paragraph 1.12(b))

ii) not to disclose related party transactions with other group companies which meet the criteria that all subsidiary undertakings which are party to the transactions are wholly owned by the ultimate controlling party (FRS 102 paragraph 33.1(a))

### *1.2 Going concern*

In assessing the going concern of the company for the period ended 31 December 2019 the directors have considered the company's cashflows, liquidity and business activities through to August 2021.

Over the past few years the company has not needed to utilise external funding facilities or relied on the ultimate parent company, Citadel Enterprises B.V ('parent company') for funding support. The company can continue to operate without requiring external funding, or the support of its parent company for the next 12 months. The company has not applied for any loans under the government backed scheme and does not envisage the need to do so in future.

The directors have adopted the going concern basis in preparing the company's financial statements based on their assessment of the company's plan (authorised annually by the Board) and a 12-month rolling forecast to August 2021. The directors have made this assessment after consideration of the potential impact of the pandemic on the operating performance of the company over the next 12-month period. This assessment has taken into account actual business performance achieved to June 2020 and forecasts from July 2020 onwards. Operationally the company has implemented a number of actions to manage costs and cash in order to maintain sufficient working capital within its available cash resources. These include, but are not limited to, delay or deferral of non-essential operating costs and appropriate utilisation of the Job Retention Scheme.

# Notes to the financial statements (continued)

**at 31 December 2019**

## 1. Accounting policies

***1.2 Going concern (continued)***

The company's financial modelling for the remainder of the year and into 2021 recognises performance to date and shows a slow recovery towards last year's volumes, with turnover remaining in line with that achieved during May and June, and with turnover for the whole year therefore falling below that of 2019 and a "new normal" being established. In the early part of June 2020 many customers who had previously closed reopened in line with the easing of the government lock down policy and several have already placed orders for Quarter 3 delivery.

In arriving at their going concern assessment, the directors have also modelled the impact of more severe trading conditions and considered downside scenarios in respect of unanticipated reductions in business activity and volumes to stress test the resilience of the company including a 35% and 50% reduction in revenues and gross margin respectively for a period of 12 months through to August 2021. The financial impact of these downside scenarios indicating that the Company would continue to operate without requiring funding over the next 12 months.

# Notes to the financial statements (continued)

**at 31 December 2019**

## 1. Accounting policies (continued)

### *1.3 Turnover*

Turnover which is stated net of value added tax, represents the invoiced amount of goods sold and services provided in the ordinary course of business in respect of continuing activities. The majority of revenue arose in the United Kingdom. The following criteria must also be met before revenue is recognised:

***Sale of goods***

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

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

***Rendering of services***

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

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

### *1.4 Tangible fixed assets*

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

Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of assets evenly over their expected useful lives, as follows:

| | | |
|---|---|---|
| Plant, machinery and equipment | – | 10%-33% per annum |
| Fixtures and fittings | – | 10% per annum |

The carrying values of fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the profit and loss account.

# Notes to the financial statements (continued)

**at 31 December 2019**

## 1. Accounting policies (continued)

***1.5 Stocks***

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

***1.6 Debtors***

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

***1.7 Cash and cash equivalents***

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash that are subject to a significant risk of changes in value.

***1.8 Financial instruments***

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, and loans to/from related parties.

Debt instruments that are payable within one year, typically trade payables or receivable, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

***1.9 Creditors***

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

***1.10 Current and deferred taxation***

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

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

***1.11 Foreign currency translation***

Amounts denominated in foreign currency are included in the financial statements at rates ruling at the date of the transactions. At the balance sheet date assets and liabilities are stated at the rates ruling at that date. Any gain or loss on translation is taken to the profit and loss account for the year.

***1.12 Operating leases***

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the lease term.

# Notes to the financial statements (continued)

**at 31 December 2019**

## 1. Accounting policies (continued)

### *1.13 Pensions*

***Defined benefit pension plan***

The Company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan. The plan is closed to new members since 2001 and to future service accrual since 31 December 2014.

The liability recognised in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the balance sheet date less the fair value of plan assets at the balance sheet date out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

a) the increase in net pension benefit liability arising from employee service during the period; and

b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense', within interest payable & similar charges.

***Defined contribution pension plan***

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

The contributions are recognised as an expense in the profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

# Notes to the financial statements (continued)

**at 31 December 2019**

## 2. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgments and estimates have had the most significant effect on amounts recognised in the financial statements.

***Pension and other post-employment benefits***

The cost of defined benefit pension plans and other post-employment medical benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. The company engages suitably qualified actuaries to compile this information and engages investment managers to manage the assets of the scheme in the most effective manner.

***Deferred tax asset***

Management judgment is required to determine the amount of deferred tax assets that may be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

Deferred tax has been recognised as it is anticipated that the company will have sufficient remeasurement losses on the account which these assets will reverse.

## 3. Turnover

Turnover is attributable to one continuing activity, as stated in the directors' report.

An analysis of turnover by geographical market is given below:

| | *2019* | *2018* |
|---|---|---|
| | *£000* | *£000* |
| United Kingdom | 7,284 | 7,580 |
| Europe | 1,226 | 1,026 |
| Rest of the world | 107 | 118 |
| | 8,617 | 8,724 |

## 4. Operating profit

This is stated after charging/(crediting)

| | | | *2019* | *2018* |
|---|---|---|---|---|
| | | | *£000* | *£000* |
| Auditors' remuneration | – | audit services | 26 | 19 |
| | – | non audit services | 13 | 14 |
| Depreciation | – | owned assets | 21 | 12 |
| Operating lease payments | – | land and buildings | 95 | 95 |
| | – | plant and machinery | 42 | 49 |
| Foreign exchanges differences | | | (13) | 3 |

# Notes to the financial statements (continued)

**at 31 December 2019**

## 5. Directors' remuneration

| | *2019* | *2018* |
|---|---|---|
| | *£000* | *£000* |
| Aggregate remuneration in respect of qualifying services | 302 | 255 |

Retirement benefits are accruing to 1 director under a defined benefit scheme (2018 – 1).

Remuneration of the highest paid director is as follows:

| | *2019* | *2018* |
|---|---|---|
| | *£000* | *£000* |
| Aggregate remuneration excluding pension contributions | 162 | 134 |
| Pension contributions to defined benefit pension scheme | 10 | 8 |
| | 172 | 142 |

***Key management personnel***

The parent company consider the directors of the company to be the key management personnel who have authority and responsibility for planning, directing and controlling the activities of the company.

## 6. Staff costs

| | *2019* | *2018* |
|---|---|---|
| | *£000* | *£000* |
| Wages and salaries | 965 | 899 |
| Social security costs | 119 | 114 |
| Pension costs | 196 | 304 |
| | 1,280 | 1,317 |

The monthly average number of employees during the year was 23 (2018 – 24).

## 7. Interest receivable and interest payable

| | *2019* | *2018* |
|---|---|---|
| | *£000* | *£000* |
| Bank interest received | - | 1 |
| Interest from group undertakings | 102 | 138 |
| **Interest receivable and similar income** | 102 | 139 |
| | | |
| Other interest payable | 2 | 58 |
| **Interest payable and similar charges** | 2 | 58 |

# Notes to the financial statements (continued)

**at 31 December 2019**

## 8. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

| | 2019 | 2018 |
|---|---|---|
| ***Current tax:*** | £000 | £000 |
| UK corporation tax on the profit for the year at 19% (2018: 19%) | 257 | 298 |
| Adjustment in respect of previous period | (23) | - |
| | 234 | 298 |
| ***Deferred tax:*** | | |
| Origination and reversal of timing differences | 129 | 120 |
| Effect of changes in tax rate | (14) | (12) |
| Total deferred tax (note 8(d)) | 115 | 108 |
| ***Total taxation on profit on ordinary activities*** | 349 | 406 |

(b) Tax included in statement of other comprehensive income

| | 2019 | 2018 |
|---|---|---|
| | £000 | £000 |
| Deferred tax (credit)/charge in respect of pension scheme (note 8 (d)) | (115) | 275 |
| Total tax expense | (115) | 275 |

(c) Factors affecting tax charge for the year

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

| | 2019 | 2018 |
|---|---|---|
| | £000 | £000 |
| Profit on ordinary activities before tax | 1,994 | 2,200 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 – 19.25%) | 379 | 417 |
| *Effects of:* | | |
| Disallowed expenses | 7 | 1 |
| Adjustment from previous periods | (23) | - |
| Tax rate changes | (14) | (12) |
| Total tax charge for the year (note 8(a)) | 349 | 406 |

# Notes to the financial statements (continued)

**at 31 December 2019**

## 8. Tax (continued)

(d) Deferred tax

*The deferred tax asset is made up as follows*

| | *2019* | *2018* |
|---|---|---|
| | *£000* | *£000* |
| Fixed asset timing differences | (3) | 1 |
| Retirement benefit obligations | 71 | 72 |
| Other timing differences | 9 | 4 |
| | 77 | 77 |

The company expects deferred tax assets of £77,000 to reverse in 2020.

| | £000 |
|---|---|
| At 1 January 2019 | 77 |
| Current year charge to the profit and loss account | (115) |
| Deferred tax credit to other comprehensive income | 115 |
| At 31 December 2019 (note 11) | 77 |

(e) Factors that may affect future tax charges

As at 31 December 2019 the corporation tax rate was due to reduce from 19% to 17% from 1 April 2020; this change in rate was substantively enacted and fully enacted on 6 and 15 September 2016 respectively. In March 2020 the UK government formally announced that the corporation tax rate would remain at 19%, this was substantively enacted on 11 March 2020. The deferred tax rate change from 17% to 19% has not been reflected in these financial statements..

# Notes to the financial statements (continued)

**at 31 December 2019**

## 9. Tangible fixed assets

| | *Plant, machinery and equipment* | *Fixtures and fittings* | *Total* |
|---|---|---|---|
| | *£000* | *£000* | *£000* |
| Cost: | | | |
| At 1 January 2019 | 367 | 100 | 467 |
| Additions | 39 | - | 39 |
| At 31 December 2019 | 406 | 100 | 506 |
| Depreciation: | | | |
| At 1 January 2019 | 355 | 61 | 416 |
| Charge for year | 14 | 7 | 21 |
| At 31 December 2019 | 369 | 68 | 437 |
| Net book value: | | | |
| At 31 December 2019 | 37 | 32 | 69 |
| At 1 January 2019 | 12 | 39 | 51 |

## 10. Stocks

| | *2019* | *2018* |
|---|---|---|
| | *£000* | *£000* |
| Finished goods and goods for resale | 1,441 | 1,347 |

In the directors opinion there were no significant differences between replacement cost and the amount at which goods for resale were stated in the financial statements. Stock recognised in cost of sales during the period as an expense was £4,498,000 (2018 £4,538,000)

## 11. Debtors

| | *2019* | *2018* |
|---|---|---|
| | *£000* | *£000* |
| Trade debtors | 1,403 | 1,726 |
| Amounts owed by group undertakings | 2,949 | 4,846 |
| Prepayments | 35 | 73 |
| Deferred tax asset (note 8 (d)) | 77 | 77 |
| | 4,464 | 6,722 |

The amounts owed by group undertakings comprises a loan which is repayable in one instalment and is subject to an agreement that provides for interest at an arm's length variable rate, currently 2.66% pa. Interest income earned on this balance during the year was £102,000 (2018: £138,000).

# Notes to the financial statements (continued)

**at 31 December 2019**

## 12. Creditors: amounts falling due within one year

| | *2019* | *2018* |
|---|---|---|
| | *£000* | *£000* |
| Trade creditors | 510 | 810 |
| Corporation tax | 108 | 162 |
| Other taxes and social security costs | 263 | 238 |
| Accruals | 232 | 238 |
| | 1,113 | 1,448 |

## 13. Capital and Reserves

### Issued share capital

| | | *2019* | | *2018* |
|---|---|---|---|---|
| *Allotted, called up and fully paid* | *No.* | *£* | *No.* | *£* |
| Ordinary shares of £1 each | 78,150 | 78,150 | 78,150 | 78,150 |

### Profit and loss account

Profit and loss account represents the cumulative profit and loss attributable to the Company to the end of the year.

## 14. Pension commitments

The Company operates a defined benefit pension scheme.

Throughout the year certain employees of the company were members of the Stokvis Pension and Life Assurance Scheme, a defined benefit scheme. This is a group scheme in which other group companies also participate. Approximately half of the scheme's membership consists of the Company's past or present employees. Under adoption of FRS 102, effective 1 January 2014, the deficit and ongoing costs and actuarial gains/losses have been split equally between the two participating employers and charged to reserves. There is no contractual agreement to the allocation of actuarial gains/losses between the employers other than a consensus based on the membership numbers and consistent with prior years treatment of service costs and recovery plan payments. The directors have provided details below of the assets, liabilities, main assumptions and movements in the total scheme during the year, under FRS 102, for the purposes of providing information for shareholders. In the event of either employer leaving the scheme they are obliged to secure the accrued benefits for their members on a buyout basis. If this is not possible, responsibility for the total liabilities of the scheme will rest with the remaining employer.

Contributions to the scheme were determined using the actuarial valuation as at 1 January 2018 performed by independent actuaries using the attained age method. Contributions are based on pension costs across the group of companies participating in the scheme. The principal actuarial assumptions adopted were a rate of return on investments of 4.95% per annum prior to retirement and 2.95% per annum after retirement, salary increases no longer apply and retail price inflation of 3.6% per annum.

A valuation of the scheme in accordance with FRS102 as at 31 December 2019 showed a total market value of assets of £27.1 million (2018 – £24.3 million) and a deficit of £818,000 (2018 – £853,000). In order to eliminate the deficit, a new recovery plan was agreed in December 2018. Each employer will pay £29,909

# Notes to the financial statements (continued)

**at 31 December 2019**

## 14. Pension commitments (continued)

per month which will increase by 3% per annum. In addition, each employer will make additional payments depending on the profitability of the businesses and these payments, where appropriate, may be paid to the scheme in October each year. The scheme was closed to future service accrual as at 31 December 2014. As the scheme is closed to new members and future accrual, under the projected unit method the current service cost will increase as the scheme members approach retirement.

***FRS 102 information on the total defined benefit scheme***

The valuation used for FRS 102 disclosures has been based on an approximate adjustment to the results of the actuarial valuation as at 1 January 2019 and updated by the actuary to take account of the requirements of FRS 102 in order to assess the liabilities of the scheme at 31 December 2019. Scheme assets are stated at their market value as at 31 December 2019.

***Reconciliation of the company's share of the present value of plan liabilities***

| | *2019* | *2018* |
|---|---|---|
| | *£000* | *£000* |
| At the beginning of the year | 12,593 | 15,433 |
| Interest cost | 338 | 377 |
| Past service cost | - | 120 |
| Actuarial gains | 2,082 | (2,622) |
| Benefits paid | (1,029) | (715) |
| ***At the end of the year*** | 13,984 | 12,593 |

***Reconciliation of the company's share of the present value of plan assets***

| | *2019* | *2018* |
|---|---|---|
| | *£000* | *£000* |
| At the beginning of the year | 12,166 | 12,771 |
| Interest income | 336 | 319 |
| Actuarial (gains)/losses | 1,402 | (883) |
| Contributions | 700 | 674 |
| Benefits paid | (1,029) | (715) |
| ***At the end of the year*** | 13,575 | 12,166 |

| | *2019* | *2018* |
|---|---|---|
| | *£000* | *£000* |
| Fair value of plan assets | 13,575 | 12,166 |
| Present value of plan liabilities | (13,984) | (12,593) |
| ***Company's share of the net pension scheme liability*** | (409) | (427) |

# Notes to the financial statements (continued)

**at 31 December 2019**

## 14. Pension commitments (continued)

The amounts recognised in profit or loss are as follows:

| | *2019* | *2018* |
|---|---|---|
| | *£000* | *£000* |
| Interest on net defined pension liability | (2) | (58) |
| Past service costs | - | (120) |
| ***Total*** | (2) | (178) |

The amounts recognised in other comprehensive income are as follows:

| | *2019* | *2018* |
|---|---|---|
| | *£000* | *£000* |
| Actual return on scheme assets | 1,738 | (564) |
| Less: amounts included in net interest on the net defined benefit liability | (336) | (319) |
| Remeasurement gain/(loss) – return on plan assets excluding interest | 1,402 | (883) |
| Remeasurement (loss)/gain – actuarial (loss)/gain | (2,082) | 2,623 |
| ***Remeasurement (loss)/ gains recognised in other comprehensive income*** | (680) | 1,740 |

The Company expects to contribute £700,000 to its Defined benefit pension scheme deficit in 2020.

Principal actuarial assumptions at the Balance sheet date : The valuation used for FRS102 disclosures has been based on an approximate adjustment to the results of the actuarial valuation as at 1 January 2019 and updated by the actuary to take account of the requirements of FRS102 in order to assess the liabilities of the scheme as at 31 December 2019. Scheme assets are stated at their market value at 31 December 2019.

# Notes to the financial statements (continued)

**at 31 December 2019**

## 14. Pensions (continued)

| | *2019* | *2018* |
|---|---|---|
| | *%* | *%* |
| Rate of increase to pensions in payments accrued pre 31 December 2004 | 5.00 | 5.00 |
| Rate of increase to pensions in payments accrued post 31 December 2004 | 3.15 | 3.30 |
| Rate of increase to pensions in payments accrued post 31 March 2008 | 2.17 | 2.20 |
| Discount rate | 1.95 | 2.80 |
| Inflation assumption | 3.27 | 3.40 |
| Revaluation of pensions in deferment (CPI) | 2.27 | 2.40 |
| | | |
| Post retirement mortality (in years) | in years | in years |
| Current pensioners at 65 - male | 22.1 | 21.9 |
| Current pensioners at 65 - female | 23.5 | 23.3 |
| Future pensioners at 65 - male | 24.4 | 23.8 |
| Future pensioners at 65 - female | 25.8 | 25.4 |

The post-mortality mortality assumptions allow for expected increases in longevity. The 'current' disclosure above relate to assumptions based on longevity (in years) following retirements at the balance sheet date, with 'future' being that relating to an employee retiring in 2035.

The assets and liabilities of the scheme and the expected rate of return at 31 December 2019 are:

| | *2019* | *2018* |
|---|---|---|
| | *£000* | *£000* |
| Equities, Bonds & Gilts | 24,218 | 20,950 |
| Annuities | 2,661 | 2,579 |
| Cash | 271 | 803 |
| Total market value of assets | 27,150 | 24,332 |
| Present value of scheme liabilities | (27,968) | (25,185) |
| Net pension deficit | (818) | (853) |

The company's share of the above-mentioned asset and liability amounts is 50%.

# Notes to the financial statements (continued)

**at 31 December 2019**

## 15. Other financial commitments

At 31 December 2019 the company had future minimum lease payments due under non-cancellable operating leases as set out below:

| | | *2019* | | *2018* |
|---|---|---|---|---|
| | *Land and buildings* | *Other* | *Land and buildings* | *Other* |
| | *£000* | *£000* | *£000* | *£000* |
| Lease payments due: | | | | |
| Within one year | 95 | 29 | 95 | 41 |
| In two to five years | 380 | 17 | 380 | 30 |
| Over five years | 116 | – | 211 | – |
| | 591 | 46 | 686 | 71 |

## 16. Ultimate parent undertaking and controlling party

In the opinion of the directors, Citadel Enterprises B.V., a company incorporated in The Netherlands, is the ultimate parent undertaking and controlling party.

The parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the company is a member is Citadel Enterprises B.V., and the parent undertaking of the smallest such group is Defiance Tools., a company incorporated in The United Kingdom. Copies of group financial statements can be obtained from Citadel Enterprises B.V., Soestdijkerstraatweg 62, 1213 XE, Hilversum, The Netherlands.

## 17. Events after the balance sheet date

Since the preparation of the financial statements there has been a global pandemic, or Covid-19, which has had a significant impact on the way business is being conducted. We believe the impact of this will be felt for some considerable time, with the country set for a prolonged period of reduced economic activity.

Trading activity in terms of sales turnover saw a fall of 37 % in the first 4 months (January to April 2020) of lockdown in the UK when compared with the same four-month period in 2019; this translates into a 25% fall for the first six months of 2020 compared with the first six months of 2019. Current indications are that the 4-month March to June 2020 period will be the nadir of 2020 with customers in non-essential sectors beginning to come back on line, as more parts of the UK economy gradually reopen. Despite this fall in turnover profits remain strong and are ahead of "pre covid" plans as a percentage of turnover. This has been achieved by improvements in margin and significant overhead savings as a result of reduced activity.

Cash performance has been good with no recourse to external funding. Working capital is being tightly controlled within the context of building short term buffer stocks of some product lines, as a hedge against unanticipated disruptions. To date there have been no significant problems with either supply or debt collection and robust credit control procedures are in place. At the end of June 2020, the company had net cash deposits of £1,500,000.

Despite the reduction in turnover, we have analysed our cashflow and we are confident that we can withstand this fall in income over the next 12 months. We have put actions in place to reduce costs to conserve cash and defer non-essential capital and operating expenditure.

The Company's defined benefit pension scheme is also exposed to the impact of this pandemic through fluctuations in the pension scheme asset values and also changes in financial assumptions used to determine the pension scheme obligations. Given the complexity of the situation, its rapid evolution and the risk of a

# Notes to the financial statements (continued)

**at 31 December 2019**

## 17. Events after the balance sheet date (continued)

second wave of the pandemic, it is not practicable as of the date of approval of these financial statements to reliably make a quantified estimate of the potential impact on accounting deficit related to the defined benefit pension scheme.

On 2nd January 2020 we renegotiated the terms of the intercompany receivable of £2,949,000 due from the parent company. The agreement continues to provide for interest at an arm's length variable rate, currently 2.66%, with the loan being repayable in one instalment on 31 December 2025.