

CML INNOVATIVE TECHNOLOGIES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018



CML INNOVATIVE TECHNOLOGIES LIMITED
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COMPANY INFORMATION

Directors	Mr D Unwin Mr M Feavearyear
Registered number	00265006
Registered office	69-70 Eastern Way Bury St Edmunds Suffolk IP32 7AB
Independent auditors	Whiting & Partners Chartered Accountants & Statutory Auditors Greenwood House Greenwood Court Skyliner Way Bury St Edmunds Suffolk IP32 7GY
Bankers	National Westminster Bank plc Business and Commercial Banking 7 Cornhill Bury St Edmunds Suffolk IP33 1AX
Solicitors	Ashtons Legal Fornham Business Court The Long Barn Fornham St Martin Bury St Edmunds Suffolk IP31 1SL

CML INNOVATIVE TECHNOLOGIES LIMITED

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CML INNOVATIVE TECHNOLOGIES LIMITED
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**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**

The directors present their report and the financial statements for the year ended 31 December 2018.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' Reports may differ from legislation in other jurisdictions.

Directors

The directors who served during the year were:

Mr D Unwin
Mr M Feavearyear

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

CML INNOVATIVE TECHNOLOGIES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**


Auditors

The auditors, Whiting & Partners, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 20 September 2019 and signed on its behalf.


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Mr D Unwin
Director

CML INNOVATIVE TECHNOLOGIES LIMITED
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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CML INNOVATIVE TECHNOLOGIES LIMITED

Opinion

We have audited the financial statements of CML Innovative Technologies Limited (the 'Company') for the year ended 31 December 2018, which comprise the Statement of Comprehensive Income, the Statement of Financial Position and the related notes, 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 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 Auditors' 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 United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material

CML INNOVATIVE TECHNOLOGIES LIMITED
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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CML INNOVATIVE TECHNOLOGIES LIMITED (CONTINUED)

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.

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters 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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 1, 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.

CML INNOVATIVE TECHNOLOGIES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CML INNOVATIVE TECHNOLOGIES LIMITED (CONTINUED)

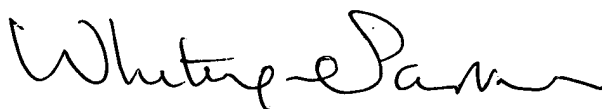
Auditors' responsibilities for the audit of the financial statements

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

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



Christopher Ridgeon (Senior Statutory Auditor)

for and on behalf of
Whiting & Partners

Chartered Accountants
Statutory Auditors

Greenwood House
Greenwood Court
Skyliner Way
Bury St Edmunds
Suffolk
IP32 7GY

20 September 2019

CML INNOVATIVE TECHNOLOGIES LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £000	2017 £000
Turnover	4	2,983	3,525
Cost of sales		(2,634)	(3,184)
Gross profit		349	341
Distribution costs		(66)	(72)
Administrative expenses		(508)	(485)
Exceptional administrative expenses	12	(37)	(166)
Operating loss	5	(262)	(382)
Interest receivable and similar income	9	143	141
Interest payable and expenses	10	(18)	(20)
Other finance income	11	(65)	(84)
Loss before tax		(202)	(345)
Loss for the financial year		(202)	(345)
Other comprehensive income for the year			
Actuarial gain/(loss) on defined benefit pension scheme	20	124	513
Other comprehensive income for the year		124	513
Total comprehensive income for the year		(78)	168

There were no recognised gains and losses for 2018 or 2017 other than those included in the statement of comprehensive income.


The notes on pages 8 to 26 form part of these financial statements.

CML INNOVATIVE TECHNOLOGIES LIMITED
REGISTERED NUMBER: 00265006

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 £000	2017 £000
Fixed assets			
Intangible fixed assets	13	13	28
Tangible fixed assets	14	21	25
		<u>34</u>	<u>53</u>
Current assets			
Stocks		726	1,002
Debtors: amounts falling due within one year	15	1,423	1,291
Cash at bank and in hand	16	160	379
		<u>2,309</u>	<u>2,672</u>
Creditors: amounts falling due within one year	17	(1,214)	(1,340)
Net current assets		<u>1,095</u>	<u>1,332</u>
Total assets less current liabilities		<u>1,129</u>	<u>1,385</u>
Pension liability	20	(2,595)	(2,774)
Net liabilities		<u>(1,466)</u>	<u>(1,389)</u>
Capital and reserves			
Called up share capital	19	47	47
Capital redemption reserve		46	46
Profit and loss account		(1,559)	(1,482)
		<u>(1,466)</u>	<u>(1,389)</u>

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



Mr D Unwin
 Director

Date: 20 September 2019

The notes on pages 8 to 26 form part of these financial statements:

CML INNOVATIVE TECHNOLOGIES LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. General information

CML Innovative Technologies Limited is a private company limited by shares and incorporated in England and Wales. The company's principal activity is the manufacture and marketing of lamp assemblies, added value assemblies and sales of factored lighting products.

The address of its registered office is 69-70 Eastern Way, Bury St Edmunds, Suffolk, IP32 7AB.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

The directors have considered the going concern basis of preparation in preparing these financial statements.

In making this assessment, the directors have prepared cash flow forecasts for a period of at least twelve months from the date of approving these financial statements which indicate that the company is expected to manage its working capital and existing resources to enable it to meet its liabilities as they fall due.

Further to the above, the company has obtained a letter of support from its ultimate parent undertaking, Grupo Antolin Irausa SA, in order to gain further comfort over its ability to meet its liabilities as they arise.

Based on these factors, the directors believe that it is appropriate to prepare these financial statements on the going concern basis.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)**2.3 Foreign currency translation****Functional and presentation currency**

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

2.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

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 turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.6 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.7 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.8 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)**2.9 Pensions****Defined contribution pension plan**

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

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

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 liability recognised in the Statement of Financial Position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the 31 December less the fair value of plan assets at the reporting date (if any) 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'.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)**2.10 Taxation**

Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.11 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

2.12 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Development expenditure	-	five years
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)**2.13 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold land and buildings	- over the term of the lease
Plant and machinery	- over 3 to 10 years
Fixtures and fittings	- over 3 to 10 years
Computer equipment	- over 3 to 10 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.14 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.15 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. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)**2.16 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.

2.17 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.18 Creditors

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

2.19 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.20 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.20 Financial instruments (continued)

impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

3. Judgments in applying accounting policies 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 values 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 if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are critical judgements apart from those involving estimations (which are dealt with separately below) that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Stock

Stock provisions are calculated on a per product basis and are based on the directors' best assumption as to the likely realisable value in the coming year using a combination of sales pricing and volume assumptions based on historic performance and market data.

Defined benefit pension scheme

In assessing the valuation of the defined benefit pension liability the directors make assumptions on expected price inflation, annual pension increases and mortality assumptions. In coming to these assumptions the directors take advice from qualified professionals.

CML INNOVATIVE TECHNOLOGIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

4. Turnover

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

	2018	2017
	£000	£000
Manufacture and marketing of lamp assemblies, added value assemblies and sales of factored lighting products.	2,983	3,525
	2,983	3,525

Analysis of turnover by country of destination:

	2018	2017
	£000	£000
United Kingdom	897	1,066
Rest of Europe	1,131	1,328
Rest of the world	955	1,131
	2,983	3,525

5. Operating loss

The operating loss is stated after charging:

	2018	2017
	£000	£000
Depreciation of tangible fixed assets	24	38
Amortisation of intangible assets, including goodwill	9	16
Impairment of intangible assets	6	31
Exchange differences	(43)	(117)
Other operating lease rentals	7	7

6. Auditors' remuneration

	2018	2017
	£000	£000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	11	11

CML INNOVATIVE TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

7. Employees

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

	2018 £000	2017 £000
Wages and salaries	760	882
Social security costs	66	76
Cost of defined contribution scheme	148	169
	<u>974</u>	<u>1,127</u>

The average monthly number of employees, including directors, during the year was 32 (2017 - 36).

8. Directors' remuneration

	2018 £000	2017 £000
Directors' emoluments	103	99
Company contributions to defined contribution pension schemes	42	49
	<u>145</u>	<u>148</u>

During the year retirement benefits were accruing to 2 directors (2017 - 2) in respect of defined contribution pension schemes.

9. Interest receivable

	2018 £000	2017 £000
Interest receivable from group companies	<u>143</u>	<u>141</u>

CML INNOVATIVE TECHNOLOGIES LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

10. Interest payable and similar expenses

	2018	2017
	£000	£000
Loans from group undertakings	18	20
	18	20

11. Other finance costs

	2018	2017
	£000	£000
Interest income on pension scheme assets	306	320
Net interest on net defined benefit liability	(371)	(404)
	(65)	(84)

12. Exceptional items

	2018	2017
	£000	£000
Impairment of intangible fixed assets	6	32
Impairment of inter company balance	31	134
	37	166

CML INNOVATIVE TECHNOLOGIES LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

13. Intangible assets

	Development expenditure £000
Cost	
At 1 January 2018	135
At 31 December 2018	<u>135</u>
Amortisation	
At 1 January 2018	107
Charge for the year	9
Impairment charge	6
At 31 December 2018	<u>122</u>
Net book value	
At 31 December 2018	<u><u>13</u></u>
<i>At 31 December 2017</i>	<u><u>28</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS
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14. Tangible fixed assets

	Long-term leasehold property £000	Plant and machinery £000	Fixtures and fittings £000	Computer equipment £000	Total £000
Cost or valuation					
At 1 January 2018	357	156	23	69	605
Additions	-	2	2	-	4
Disposals	-	-	-	(7)	(7)
At 31 December 2018	357	158	25	62	602
Depreciation					
At 1 January 2018	331	163	22	63	579
Charge for the year on owned assets	16	1	2	5	24
Disposals	-	(9)	-	(13)	(22)
At 31 December 2018	347	155	24	55	581
Net book value					
At 31 December 2018	10	3	1	7	21
At 31 December 2017	25	(7)	2	6	26

The net book value of land and buildings may be further analysed as follows:

	2018 £000	2017 £000
Long leasehold	10	24
	10	24

CML INNOVATIVE TECHNOLOGIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

15. Debtors

	2018	2017
	£000	£000
Trade debtors	263	272
Amounts owed by group undertakings	1,052	927
Other debtors	22	1
Prepayments and accrued income	86	91
	1,423	1,291

Amounts owed by group undertakings are repayable on demand. Routine trading balances are interest free and amounts considered as loans carry interest at between 2% and 6% (2017 6%) per annum. Included within amounts owed by group undertakings is an amount of £1,008,890 (2017 £857,969) which is guaranteed by the ultimate parent undertaking.

16. Cash and cash equivalents

	2018	2017
	£000	£000
Cash at bank and in hand	160	379

17. Creditors: Amounts falling due within one year

	2018	2017
	£000	£000
Trade creditors	86	180
Amounts owed to group undertakings	964	971
Other taxation and social security	23	24
Other creditors	141	165
	1,214	1,340

Amounts owed to group undertakings are repayable on demand. Routine trading balances are interest free and amounts considered as loans carry interest at 2% (2017 2.5%) per annum.

CML INNOVATIVE TECHNOLOGIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

18. Deferred taxation

The company has tax losses of £2.9m (2017 £2.9m) which are not expected to reverse in the foreseeable future therefore no deferred tax asset has been recognised in this respect.

19. Share capital

	2018	2017
	£000	£000
Allotted, called up and fully paid		
940,188 (2017 - 940,188) Ordinary shares of £0.05 each	47	47

CML INNOVATIVE TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

20. Pension commitments

All company employees are offered the opportunity to join the company defined contribution pension scheme (individual money purchase). The contribution rate is decided by the individual and the company matches their contribution up to 5%. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £148,364 (2017 - £168,971). Contributions totalling £10,400 (2017 - £11,443) were payable to the fund at the balance sheet date and are included in creditors.

The Company also operates a Defined Benefit Pension Scheme.

The company participates in a defined benefit pension scheme, the VCH International Limited Retirement Benefit Plan. The company closed this plan to future accrual at 31 July 2004 but the plan continues to require contributions to be made to a separately administered fund. The company has reached a recovery plan agreement with the Pension Trustees and the Pension Regulator has confirmed that they have no objections.

The assets and liabilities of the scheme are subject to triennial review with annual updates. A triennial review took place in January 2016. From this review a "deficit" between the fund's assets and its liabilities has been indicated. The result of the triennial review was the subject of discussion between the Trustees of the fund and the company. From this, a recommended monthly payment plan by the company into the Fund was agreed and accepted by The Pension Regulator. In addition the costs of administering the scheme and the payment of the Pension Protection Fund levy are met by the company.

Due to previous difficult trading circumstances and following a period of no payments into the fund by the company (from September 2008), a recovery plan was agreed between the company, the Pension Fund Trustees and the Pension Regulator.

The recovery plan was revised on 9 September 2016 with the company agreeing to pay contributions of £50,000 per annum from 1 August 2016, £100,000 per annum from 1 August 2017 and £150,000 per annum from 1 August 2018 to the conclusion of the next triennial review. The recovery plan is subject to actuarial reviews carried out every three years.

Reconciliation of present value of plan liabilities:

	2018 £000	2017 £000
Reconciliation of present value of plan liabilities		
At the beginning of the year	15,739	15,852
Interest cost	371	404
Actuarial gains/losses	(816)	109
Benefits paid	(568)	(626)
At the end of the year	14,726	15,739

CML INNOVATIVE TECHNOLOGIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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20. Pension commitments (continued)

Reconciliation of present value of plan assets:

	2018	2017
	£000	£000
At the beginning of the year	12,965	12,578
Interest income	306	320
Contributions	121	71
Benefits paid	(568)	(626)
Return on plan assets (excluding amounts included in net interest)	(693)	622
At the end of the year	12,131	12,965

Composition of plan assets:

	2018	2017
	£000	£000
M&G Discretionary Fund	7,737	8,165
M&G UK Fixed Interest Fund	4,394	4,800
Total plan assets	12,131	12,965

	2018	2017
	£000	£000
Fair value of plan assets	12,131	12,965
Present value of plan liabilities	(14,726)	(15,739)
Net pension scheme liability	(2,595)	(2,774)

The amounts recognised in profit or loss are as follows:

	2018	2017
	£000	£000
Interest on obligation	(371)	(404)
Interest income on plan assets	306	320
Total	(65)	(84)

CML INNOVATIVE TECHNOLOGIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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20. Pension commitments (continued)

The cumulative amount of actuarial gains and losses recognised in the Statement of Comprehensive Income was £-1,582,000 (2017 - £-1,705,000).

The Company also expects to contribute £295,835 to its Defined Benefit Pension Scheme in 2019.

The major assumptions used by the actuary to calculate scheme liabilities under FRS 102 Section 28 "Employee Benefits" are best estimates chosen from a range of possible actuarial assumptions which, due to the timescales covered, may not necessarily be borne out in practice. The key assumptions are as follows:

	2018	<i>2017</i>
	%	%
Discount rate	2.8	<i>2.4</i>
Valuation method	Projected Unit	<i>Projected Unit</i>
Future pension increases	2.7	<i>2.6</i>
Mortality rates	S2PA CMI_2015	<i>S2PA CMI_2015</i>
Inflation assumption	2.7	<i>2.7</i>
Mortality assumptions		
- for a male aged 65 now	87	<i>87</i>
- at 65 for a male aged 45 now	88.3	<i>88.3</i>
- for a female aged 65 now	89	<i>89</i>
- at 65 for a female member aged 45 now	90.5	<i>90.5</i>

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**NOTES TO THE FINANCIAL STATEMENTS
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21. Commitments under operating leases

At 31 December 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018	2017
	£000	£000
Not later than 1 year	141	139
Later than 1 year and not later than 5 years	516	241
Later than 5 years	228	-
	<hr/> 885 <hr/>	<hr/> 380 <hr/>

22. Related party transactions

The company has taken advantage of the exemption available in Section 33 of FRS 102 'Related Party Disclosures' from the requirement to disclose transactions with wholly owned entities within the Grupo Antolin Irausa SA group on the grounds that it is a wholly owned subsidiary undertaking and consolidated financial statements are publicly available.

23. Controlling party

At the balance sheet date the ultimate parent company was Grupo Antolin Irausa SA, a company incorporated in Spain.

The directors consider Grupo Antolin Irausa SA to be the controlling party by virtue of its controlling interest in the parent company's share capital.

The immediate holding company, the parent company of the smallest group of undertakings of which the company is a member, is Broomco (3051) Limited.

Grupo Antolin Irausa SA is the head of the largest and smallest group of companies for which consolidated financial statements incorporating the results of the company are publicly available. Copies of these financial statements may be obtained from www.grupoantolin.com/en/annual-report.