

Registered number: 00436709

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**LIGNACITE LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**



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**LIGNACITE LIMITED**

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**COMPANY INFORMATION**

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**DIRECTORS**

N H J de Lotbiniere  
M E J de Lotbiniere (resigned 1 March 2020)  
G A J de Lotbiniere  
A G Eastwood  
M A Pearson  
G A Innes  
W N Mason-Jones  
H E J de Lotbiniere

**COMPANY SECRETARY**

Mrs B Edwards

**REGISTERED NUMBER**

00436709

**REGISTERED OFFICE**

Norfolk House  
High Street  
Brandon  
Suffolk  
IP27 0AX

**INDEPENDENT AUDITORS**

MA Partners Audit LLP  
Chartered Accountants & Statutory Auditors  
7 The Close  
Norwich  
Norfolk  
NR1 4DJ

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**LIGNACITE LIMITED**

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## **LIGNACITE LIMITED**

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

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#### **BUSINESS REVIEW**

The company operates from two factories at Brandon in Suffolk and Nazeing in Essex. It manufactures building blocks.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

New building solutions and government legislation mean that the company needs to keep innovating to stay at the forefront of the industry.

The company uses various financial instruments including loans, cash and items such as debtors and creditors that arise directly from its operations. The main purpose of these instruments is to raise finance for the company's operations. The existence of these facilities exposes the company to a number of financial risks, which are described in more detail below. The main risks are: credit risk and liquidity risk. The directors review and agree policies for managing each of these risks which are summarised below. These policies have remained unchanged from previous years.

##### **Credit risk**

The company's principal credit risk relates to the recovery of amounts owed by trade debtors. In order to manage credit risk the directors set limits for customers based on a combination of payment history and creditworthiness. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history. Debts are actively chased when necessary.

##### **Liquidity risk**

Current and projected working capital demands are reviewed in conjunction with existing finance facilities to determine cash requirements as part of the routine reporting process.

##### **Coronavirus**

During 2020 coronavirus gripped the country and significantly changed the landscape. The directors have considered the potential impact of coronavirus and the various measures taken to contain it. Steps have been taken to minimise the potential losses caused by the pandemic while at the same time maintaining production in order to meet continued demand. As the country reacts to the ongoing situation, future steps will be taken by the directors if needed in order to ensure the long term viability of the business.

#### **FINANCIAL KEY PERFORMANCE INDICATORS**

The key financial performance indicators are turnover and gross margin.

Turnover for the year decreased from **£25,465,915** to **£24,042,857**, a decrease of 5.6%. Gross margin increased from 17.9% to 22.2%.

#### **OTHER KEY PERFORMANCE INDICATORS**

The company uses a range of key performance indicators to keep on track and benchmark itself against competitors. The Daily Business Summary shows details of Orders, Deliveries, Production and Stock and covers the previous 5 years which enables the company to monitor performance and identify any areas which require improvement. The NAV system, which is still being developed, will provide more in depth information about the overall performance of the Company.

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

**G A J de Lotbiniere**  
Director

**G A J de Lotbiniere**  
Director

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## LIGNACITE LIMITED

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

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

#### DIRECTORS' RESPONSIBILITIES STATEMENT

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

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

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

#### RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £1,584,715 (2019 - £929,069).

Dividends paid in the current year totalled **£309,609** (2019 - £314,838).

#### DIRECTORS

The directors who served during the year were:

N H J de Lotbiniere  
M E J de Lotbiniere (resigned 1 March 2020)  
G A J de Lotbiniere  
A G Eastwood  
M A Pearson  
G A Innes  
W N Mason-Jones  
H E J de Lotbiniere

#### FUTURE DEVELOPMENTS

The Company continues to invest primarily in its two plants to ensure they are kept up to date and fully operational. The Directors are exploring a number of other options to facilitate organic growth in the future.

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**LIGNACITE LIMITED**

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

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**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.

**AUDITORS**

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

This report was approved by the board on 6 May 2021 and signed on its behalf.



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**Mrs B Edwards**  
Secretary

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## **LIGNACITE LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS, AS A BODY, OF LIGNACITE LIMITED**

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#### **OPINION**

We have audited the financial statements of Lignacite Limited (the 'Company') for the year ended 31 December 2020, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity 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 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **BASIS FOR OPINION**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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**

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

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

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



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## **LIGNACITE LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS, AS A BODY, OF LIGNACITE LIMITED (CONTINUED)**

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

#### **MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

In 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 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 set out on page 3, 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.

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## LIGNACITE LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS, AS A BODY, OF LIGNACITE LIMITED (CONTINUED)

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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.

#### 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the company and considered that the most significant are the Companies Act 2006, UK financial reporting standards as issued by the Financial Reporting Council, and UK taxation legislation.
- We obtained an understanding of how the company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.

Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

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

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**LIGNACITE LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS, AS A BODY, OF LIGNACITE LIMITED  
(CONTINUED)**

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**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.



C J Dugdale FCA (Senior Statutory Auditor)

for and on behalf of  
**MA Partners Audit LLP**

Chartered Accountants  
Statutory Auditors

7 The Close  
Norwich  
Norfolk  
NR1 4DJ

7 May 2021

**LIGNACITE LIMITED**

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

	Note	2020 £	2019 £
Turnover	4	24,042,857	25,465,915
Cost of sales		(18,705,773)	(20,919,696)
<b>GROSS PROFIT</b>		<b>5,337,084</b>	<b>4,546,219</b>
Distribution costs		(1,383,579)	(1,327,739)
Administrative expenses		(2,214,696)	(2,005,392)
Other operating income	5	200,935	80,333
Fair value movements	17	38,750	-
Exceptional expenditure	14	-	(100,000)
<b>OPERATING PROFIT</b>	6	<b>1,978,494</b>	<b>1,193,421</b>
Interest receivable and similar income	10	11,999	19,553
Other finance costs	11	(5,000)	(6,000)
<b>PROFIT BEFORE TAX</b>		<b>1,985,493</b>	<b>1,206,974</b>
Tax on profit	12	(400,778)	(277,905)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>1,584,715</b>	<b>929,069</b>
<b>OTHER COMPREHENSIVE INCOME:</b>			
Deficit on revaluation of tangible fixed assets	16	(1,031,981)	-
Actuarial gain / (loss) on defined benefit schemes	27	(120,000)	(142,000)
Movements of deferred tax relating to pension deficit	27	(24,400)	(9,600)
		<b>(1,176,381)</b>	<b>(151,600)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>408,334</b>	<b>777,469</b>

The notes on pages 16 to 36 form part of these financial statements.

**LIGNACITE LIMITED**  
**REGISTERED NUMBER: 00436709**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2020**

	Note	2020 £	2019 £
<b>FIXED ASSETS</b>			
Tangible assets	16	11,153,732	12,162,182
Investments	18	5	5
Investment property	17	275,000	236,250
		<u>11,428,737</u>	<u>12,398,437</u>
<b>CURRENT ASSETS</b>			
Stocks	19	1,729,507	1,863,437
Debtors: amounts falling due within one year	20	4,842,388	4,357,424
Cash at bank and in hand	21	5,603,201	4,321,392
		<u>12,175,096</u>	<u>10,542,253</u>
Creditors: amounts falling due within one year	22	(3,474,903)	(2,894,051)
<b>NET CURRENT ASSETS</b>		<u>8,700,193</u>	<u>7,648,202</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>20,128,930</u>	<u>20,046,639</u>
<b>PROVISIONS FOR LIABILITIES</b>			
Deferred taxation	24	(558,572)	(570,722)
		<u>(558,572)</u>	<u>(570,722)</u>
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>		<u>19,570,358</u>	<u>19,475,917</u>
Pension liability	27	(320,450)	(270,050)
<b>NET ASSETS</b>		<u><u>19,249,908</u></u>	<u><u>19,205,867</u></u>

**LIGNACITE LIMITED**  
**REGISTERED NUMBER: 00436709**

**STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS AT 31 DECEMBER 2020**

	Note	2020 £	2019 £
<b>CAPITAL AND RESERVES</b>			
Called up share capital	26	103,834	104,950
Share premium account	25	88,200	88,200
Revaluation reserve	25	232,027	1,264,008
Capital redemption reserve	25	1,116	-
Investment property reserve	25	150,000	111,250
Profit and loss account	25	18,674,731	17,637,459
		<u>19,249,908</u>	<u>19,205,867</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 6 May 2021.



**G A J de Lotbiniere**  
Director



**A G Eastwood**  
Director

The notes on pages 16 to 36 form part of these financial statements.

**LIGNACITE LIMITED**

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

	Called up share capital	Share premium account	Capital redemption reserve	Revaluation reserve	Fair value reserve	Profit and loss account	Total equity
	£	£	£	£	£	£	£
At 1 January 2020	104,950	88,200	-	1,264,008	111,250	17,637,459	19,205,867
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>							
Profit for the year	-	-	-	-	-	1,584,715	1,584,715
Actuarial losses on pension scheme (including deferred tax)	-	-	-	-	-	(144,400)	(144,400)
Deficit on revaluation of freehold property	-	-	-	(1,031,981)	-	-	(1,031,981)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	-	-	-	(1,031,981)	-	1,440,315	408,334
<b>CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS</b>							
Dividends: Equity capital	-	-	-	-	-	(309,609)	(309,609)
Purchase of own shares	-	-	1,116	-	-	(54,684)	(53,568)
Shares redeemed during the year	(1,116)	-	-	-	-	-	(1,116)
Surplus on revaluation of investment property	-	-	-	-	38,750	(38,750)	-
<b>TOTAL TRANSACTIONS WITH OWNERS</b>	(1,116)	-	1,116	-	38,750	(403,043)	(364,293)
<b>AT 31 DECEMBER 2020</b>	<b>103,834</b>	<b>88,200</b>	<b>1,116</b>	<b>232,027</b>	<b>150,000</b>	<b>18,674,731</b>	<b>19,249,908</b>

The notes on pages 16 to 36 form part of these financial statements.

**LIGNACITE LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital	Share premium account	Revaluation reserve	Fair value reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 January 2019	104,950	88,200	1,264,008	111,250	17,174,828	18,743,236
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>						
Profit for the year	-	-	-	-	929,069	929,069
Actuarial losses on pension scheme (including deferred tax)	-	-	-	-	(151,600)	(151,600)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	-	-	-	-	777,469	777,469
<b>CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS</b>						
Dividends: Equity capital	-	-	-	-	(314,838)	(314,838)
<b>TOTAL TRANSACTIONS WITH OWNERS</b>	-	-	-	-	(314,838)	(314,838)
<b>AT 31 DECEMBER 2019</b>	<b>104,950</b>	<b>88,200</b>	<b>1,264,008</b>	<b>111,250</b>	<b>17,637,459</b>	<b>19,205,867</b>

The notes on pages 16 to 36 form part of these financial statements.



**LIGNACITE LIMITED**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020 £	2019 £
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the financial year	1,584,715	929,069
<b>ADJUSTMENTS FOR:</b>		
Depreciation of tangible assets	917,443	864,978
Loss on disposal of tangible assets	-	13,481
Government grants	(130,102)	(5,333)
Interest received	(11,999)	(19,553)
Taxation charge	400,778	277,905
Decrease/(increase) in stocks	133,931	(72,608)
(Increase)/decrease in debtors	(540,481)	1,816,604
Increase/(decrease) in creditors	466,978	(319,757)
(Decrease) in net pension assets/liabs	(99,000)	(100,000)
Net fair value (gains)/losses recognised in P&L	(38,750)	-
Corporation tax (paid)	(243,537)	(34,440)
Other finance income	5,000	6,000
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>2,444,976</b>	<b>3,356,346</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of tangible fixed assets	(940,975)	(436,182)
Government grants received	130,102	5,333
Interest received	11,999	19,553
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>(798,874)</b>	<b>(411,296)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Purchase of own ordinary shares	(54,684)	-
Dividends paid	(309,609)	(314,838)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(364,293)</b>	<b>(314,838)</b>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>1,281,809</b>	<b>2,630,212</b>
Cash and cash equivalents at beginning of year	4,321,392	1,691,180
<b>CASH AND CASH EQUIVALENTS AT THE END OF YEAR</b>	<b>5,603,201</b>	<b>4,321,392</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF YEAR COMPRISE:</b>		
Cash at bank and in hand	5,603,201	4,321,392
	<b>5,603,201</b>	<b>4,321,392</b>

The notes on pages 16 to 36 form part of these financial statements.

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**LIGNACITE LIMITED**

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**ANALYSIS OF NET DEBT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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	<b>At 1 January 2020 £</b>	<b>Cash flows £</b>	<b>At 31 December 2020 £</b>
Cash at bank and in hand	<b>4,321,392</b>	<b>1,281,809</b>	<b>5,603,201</b>
	<b><u>4,321,392</u></b>	<b><u>1,281,809</u></b>	<b><u>5,603,201</u></b>

The notes on pages 16 to 36 form part of these financial statements.

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## LIGNACITE LIMITED

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

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#### 1. GENERAL INFORMATION

The entity is a Company limited by shares, incorporated in the United Kingdom. The registered office address of the Company is Norfolk House, High Street, Brandon, Suffolk, IP27 0AX.

The principal activity of the company continues to be that of the manufacture of building blocks.

#### 2. ACCOUNTING POLICIES

##### 2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention as modified by the revaluation of freehold land and buildings 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.

Group accounts have not been prepared as all of the company's subsidiaries remain dormant and therefore immaterial for consolidation. These financial statements therefore present information about the company as an individual undertaking and not about its group.

The following principal accounting policies have been applied:

##### 2.2 REVENUE

Revenue comprises income recognised by the company in respect of the sale of building blocks during the year, exclusive of Value Added Tax and trade discounts.

Revenue is recognised on delivery of goods to the customer.

##### 2.3 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.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Freehold buildings	- 10 or 50 years straight line
Plant & machinery	- 4, 5, 10 or 15 years straight line
Fixtures & fittings	- 3 or 4 years straight line

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## LIGNACITE LIMITED

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

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## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.4 REVALUATION OF TANGIBLE FIXED ASSETS

Individual freehold properties are carried at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Statement of Financial Position date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in other comprehensive income unless losses exceed the previously recognised gains, in which case the excess losses are recognised in the Statement of Comprehensive Income.

### 2.5 INVESTMENT PROPERTY

Investment property is carried at fair value. No depreciation is provided. Changes in fair value are recognised in the Statement of Comprehensive Income.

### 2.6 VALUATION OF INVESTMENTS

Investments held as fixed assets are shown at cost less provision for impairment.

### 2.7 OPERATING LEASES: THE COMPANY AS LESSEE

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

### 2.8 OPERATING LEASES: THE COMPANY AS LESSOR

Rental income from operating leases is credited to the Statement of Comprehensive Income on a straight line basis over the lease term.

### 2.9 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 includes all direct costs and an appropriate proportion of fixed and variable overheads.

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

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## LIGNACITE LIMITED

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

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## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.10 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, and loans to related parties.

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.

### 2.11 GOVERNMENT GRANTS

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

### 2.12 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 that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

### 2.13 DIVIDENDS

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

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## LIGNACITE LIMITED

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

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## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.14 PENSIONS

#### Defined contribution pension plan

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

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

#### 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 reporting date less the fair value of plan assets at the reporting date (if any) out of which the obligations are to be settled.

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'.

### 2.15 INTEREST INCOME

Interest income is recognised in profit or loss using the effective interest method.

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## LIGNACITE LIMITED

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

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## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.16 CURRENT AND DEFERRED TAXATION

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

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

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.

### 2.17 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.

## 3. JUDGEMENTS 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 amounts 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 those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

**Key sources of estimation uncertainty** ~~and its effect on the financial statements are as follows:~~ ~~The Group's financial statements are prepared on the basis of the accounting policies set out in the financial statements. The Group's financial statements are prepared on the basis of the accounting policies set out in the financial statements.~~

(i) Depreciation of assets - the directors set depreciation rates for depreciable assets based on their useful lives and residual value. This requires estimation of the expected utility of the assets.

(ii) Investment and freehold property revaluations - the valuations have been made by the directors, on an open market value for existing use basis.

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**LIGNACITE LIMITED**

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

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**4. REVENUE**

The whole of the revenue is attributable to the company's principal activity.

All turnover arose within the United Kingdom.

**5. OTHER OPERATING INCOME**

	2020 £	2019 £
Net rents receivable	70,833	75,000
Government grants receivable	130,102	5,333
	<u>200,935</u>	<u>80,333</u>

**6. OPERATING PROFIT**

The operating profit is stated after charging:

	2020 £	2019 £
Depreciation of tangible fixed assets	917,443	864,979
Operating lease rentals	760,734	437,964

**7. AUDITORS' REMUNERATION**

	2020 £	2019 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>14,350</u>	<u>14,075</u>

**FEES PAYABLE TO THE COMPANY'S AUDITOR AND ITS  
ASSOCIATES IN RESPECT OF:**

Taxation compliance services	2,150	2,100
All other services	9,350	1,462
	<u>11,500</u>	<u>3,562</u>



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**LIGNACITE LIMITED**

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

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**8. EMPLOYEES**

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

	2020 £	2019 £
Wages and salaries	3,866,430	3,789,675
Social security costs	418,150	404,433
Cost of defined benefit scheme	127,487	116,321
Cost of defined contribution scheme	58,145	57,392
	<u>4,470,212</u>	<u>4,367,821</u>

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

	2020 No.	2019 No.
Production	49	53
Sales and distribution	25	23
Administration	10	13
	<u>84</u>	<u>89</u>

**9. DIRECTORS' REMUNERATION**

	2020 £	2019 £
Directors' emoluments	670,044	592,728
Company contributions to defined contribution pension schemes	58,145	57,392
	<u>728,189</u>	<u>650,120</u>

During the year retirement benefits were accruing to 3 directors (2019 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £282,590 (2019 - £240,208).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £28,145 (2019 - £27,325).

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**LIGNACITE LIMITED**

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

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**10. INTEREST RECEIVABLE**

	<b>2020</b> <b>£</b>	<b>2019</b> <b>£</b>
Other interest receivable	<b>11,999</b>	<b>19,553</b>
	<b>11,999</b>	<b>19,553</b>

**11. OTHER FINANCE COSTS**

	<b>2020</b> <b>£</b>	<b>2019</b> <b>£</b>
Interest income on pension scheme assets	<b>19,000</b>	<b>25,000</b>
Net interest on net defined benefit liability	<b>(24,000)</b>	<b>(31,000)</b>
	<b>(5,000)</b>	<b>(6,000)</b>

**12. TAXATION**

	<b>2020</b> <b>£</b>	<b>2019</b> <b>£</b>
<b>CORPORATION TAX</b>		
Current tax on profits for the year	<b>412,928</b>	<b>257,352</b>
<b>TOTAL CURRENT TAX</b>	<b>412,928</b>	<b>257,352</b>
<b>DEFERRED TAX</b>		
Origination and reversal of timing differences	<b>(12,150)</b>	<b>20,553</b>
<b>TOTAL DEFERRED TAX</b>	<b>(12,150)</b>	<b>20,553</b>
<b>TAXATION ON PROFIT ON ORDINARY ACTIVITIES</b>	<b>400,778</b>	<b>277,905</b>

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LIGNACITE LIMITED

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

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12. TAXATION (CONTINUED)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

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

	2020 £	2019 £
Profit on ordinary activities before tax	<u>1,985,493</u>	<u>1,206,974</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	377,244	229,325
<b>EFFECTS OF:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	<u>23,534</u>	<u>48,580</u>
<b>TOTAL TAX CHARGE FOR THE YEAR</b>	<u><b>400,778</b></u>	<u><b>277,905</b></u>

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

At the Budget 2020, the government announced legislation setting the corporation tax main rate (for all profits except ring fence profits) at 19% for the year starting 1 April 2021 and at 25% for the year starting 1 April 2022.

**LIGNACITE LIMITED**

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

**13. DIVIDENDS**

	2020 £	2019 £
Dividends	309,609	314,838
	<u>309,609</u>	<u>314,838</u>

**14. EXCEPTIONAL ITEMS**

	2020 £	2019 £
Health and safety fine	-	100,000
	<u>-</u>	<u>100,000</u>

**15. INTANGIBLE ASSETS**

	Goodwill £
<b>COST</b>	
At 1 January 2020	30,000
At 31 December 2020	<u>30,000</u>
<b>AMORTISATION</b>	
At 1 January 2020	30,000
At 31 December 2020	<u>30,000</u>
<b>NET BOOK VALUE</b>	
At 31 December 2020	<u>-</u>
At 31 December 2019	<u>-</u>

**LIGNACITE LIMITED**

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

**16. TANGIBLE FIXED ASSETS**

	Freehold property £	Plant & machinery £	Fixtures & fittings £	Total £
<b>COST OR VALUATION</b>				
At 1 January 2020	7,316,225	13,619,422	532,659	21,468,306
Additions	578,862	359,254	2,859	940,975
Revaluations	(1,342,087)	-	-	(1,342,087)
At 31 December 2020	<u>6,553,000</u>	<u>13,978,676</u>	<u>535,518</u>	<u>21,067,194</u>
<b>DEPRECIATION</b>				
At 1 January 2020	379,589	8,549,580	376,955	9,306,124
Charge for the year on owned assets	92,221	768,931	56,291	917,443
On revalued assets	(310,105)	-	-	(310,105)
At 31 December 2020	<u>161,705</u>	<u>9,318,511</u>	<u>433,246</u>	<u>9,913,462</u>
<b>NET BOOK VALUE</b>				
At 31 December 2020	<u>6,391,295</u>	<u>4,660,165</u>	<u>102,272</u>	<u>11,153,732</u>
At 31 December 2019	<u>6,936,636</u>	<u>5,069,842</u>	<u>155,704</u>	<u>12,162,182</u>

Cost or valuation at 31 December 2020 is as follows:

	Land and buildings £
<b>At cost</b>	8,173,546
<b>At valuation</b>	<u>(1,620,546)</u>
	<u>6,553,000</u>

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**LIGNACITE LIMITED**

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

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**16. TANGIBLE FIXED ASSETS (CONTINUED)**

The freehold land and buildings were revalued in September and October 2020. The valuations were carried out by Savills (UK) Limited, Chartered Surveyors, who are external to the company.

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2020 £	2019 £
Cost	8,173,546	7,594,684
Accumulated depreciation	(2,414,186)	(2,263,416)
<b>NET BOOK VALUE</b>	<b>5,759,360</b>	<b>5,331,268</b>

**17. INVESTMENT PROPERTY**

	Freehold investment property £
<b>VALUATION</b>	
At 1 January 2020	236,250
Surplus on revaluation	38,750
<b>AT 31 DECEMBER 2020</b>	<b>275,000</b>

The 2020 valuations were made by the directors, based on a valuation provided by Savills (UK) Limited in September and October 2020, on an open market value for existing use basis.

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**LIGNACITE LIMITED**

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

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**18. FIXED ASSET INVESTMENTS**

	Investments in subsidiary companies £
<b>COST OR VALUATION</b>	
At 1 January 2020	5
At 31 December 2020	<u>5</u>

**SUBSIDIARY UNDERTAKINGS**

The following were subsidiary undertakings of the Company:

Name	Principal activity	Class of shares	Holding
Lignacite (North London) Ltd	Dormant company	Ordinary	100%
Lignacite (Brandon) Ltd	Dormant company	Ordinary	100%

**19. STOCKS**

	2020 £	2019 £
Raw materials and consumables	331,711	585,105
Finished goods and goods for resale	1,397,796	1,278,332
	<u>1,729,507</u>	<u>1,863,437</u>

The carrying value of stocks are stated net of impairment losses totalling £174,413 (2019 - £52,634) . Impairment losses totalling £174,413 (2019 - £52,634) were recognised in the Statement of Comprehensive Income.

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**LIGNACITE LIMITED**

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

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**20. DEBTORS**

	2020 £	2019 £
Trade debtors	4,312,319	3,910,849
Other debtors	196,674	258,313
Prepayments and accrued income	333,395	188,262
	<u>4,842,388</u>	<u>4,357,424</u>

**21. CASH AND CASH EQUIVALENTS**

	2020 £	2019 £
Cash at bank and in hand	5,603,201	4,321,392
	<u>5,603,201</u>	<u>4,321,392</u>

**22. CREDITORS: Amounts falling due within one year**

	2020 £	2019 £
Trade creditors	1,405,899	1,382,703
Corporation tax	412,928	299,053
Other taxation and social security	932,466	493,847
Other creditors	151,401	160,615
Accruals and deferred income	572,209	557,833
	<u>3,474,903</u>	<u>2,894,051</u>

**23. FINANCIAL INSTRUMENTS**

	2020 £	2019 £
<b>FINANCIAL ASSETS</b>		
Financial assets measured at fair value through profit or loss	<u>5,603,201</u>	<u>4,321,392</u>

Financial assets measured at fair value through profit or loss comprise cash and cash equivalents.



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**LIGNACITE LIMITED**

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

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**24. DEFERRED TAXATION**

	2020 £	2019 £
At beginning of year	(570,722)	(550,169)
Charged to the Income Statement	12,150	(20,553)
<b>AT END OF YEAR</b>	<b>(558,572)</b>	<b>(570,722)</b>

The provision for deferred taxation is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	559,475	571,625
Tax losses carried forward	(903)	(903)
	<b>558,572</b>	<b>570,722</b>

**25. RESERVES****Share premium account**

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

**Revaluation reserve**

The revaluation reserve represents the cumulative effect of revaluations of freehold land and buildings which are revalued to fair value at each reporting date.

**Capital redemption reserve**

The capital redemption reserve represents the cumulative effect of shares purchased out of distributable reserves.

**Fair value reserve**

The fair value reserve represents the cumulative value of revaluations of investment property to fair value, net of deferred tax. The amounts debited or credited to this reserve are transfers from the profit and loss account. Deferred tax is provided for on these fair value adjustments at the standard rate of corporation tax.

**Profit & loss account**

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

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**LIGNACITE LIMITED**

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

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**26. SHARE CAPITAL**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Allotted, called up and fully paid</b>		
103,834 (2019 - 104,950) Ordinary shares shares of £1.00 each	<b>103,834</b>	<b>104,950</b>

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## LIGNACITE LIMITED

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

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#### 27. PENSION COMMITMENTS

The company operates a total of four pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds.

##### Director schemes

There are two money purchase pension schemes for the benefit of the company's directors, although not all of the directors are members of these schemes.

The pension cost charge for the year amounted to **£58,145** (2019 - £57,392).

Contributions totalling **£20,000** (2019 - £20,000) were payable to the funds at the balance sheet date and are included in creditors.

##### Employee schemes

##### Lignacite Limited (1996) Pension Scheme

Until 1 January 1996, the scheme was a wholly defined benefit scheme at which date it became a multiple benefit structured scheme.

The scheme comprises two sections:

- the defined benefit section which provides benefits based on a member's salary and length of service; and
- the defined contribution section which provides benefits based on what a member's accumulated fund value will purchase at retirement.

The Company operates a Defined Benefit Pension Scheme.

Members who joined the scheme prior to 1 January 1996 have retained benefits in the scheme on a defined benefit basis, accruing 1/60 of the average of the best three consecutive pensionable salaries in the last ten years (or over the period if less than three years) before 31 October 2003 for every year of service prior to 1 January 1996.

The scheme provides benefits payable to entrants since 1 January 1996 that are directly determined by the value of contributions which are paid in respect of each of these members. The scheme was closed to new entrants with effect from 1 February 2002.

On 31 October 2003, all members of the scheme that joined post 1 January 1996 had their accumulated benefits transferred to the Lignacite Limited (2003) Pension Scheme. From this date, all normal contributions paid by the members and the principal employer were paid into the Lignacite Limited (2003) Pension Scheme.

The valuation recognised at 31 December 2020 has been based on the most recent actuarial valuation which was carried out on that date by a qualified actuary.

**LIGNACITE LIMITED**

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

**27. PENSION COMMITMENTS (CONTINUED)**

Reconciliation of present value of plan liabilities:

	2020 £	2019 £
<b>RECONCILIATION OF PRESENT VALUE OF PLAN LIABILITIES</b>		
At the beginning of the year	270,050	212,450
Interest expense	5,000	6,000
Actuarial (gains) / losses	120,000	142,000
Contributions	(99,000)	(100,000)
Deferred tax	24,400	9,600
<b>AT THE END OF THE YEAR</b>	<b>320,450</b>	<b>270,050</b>
Present value of plan liabilities	(320,450)	(270,050)
<b>NET PENSION SCHEME LIABILITY</b>	<b>(320,450)</b>	<b>(270,050)</b>

The amounts recognised in the Income Statement are as follows:

	2020 £	2019 £
Interest on obligation	(24,000)	(31,000)
Interest income on plan assets	19,000	25,000
<b>TOTAL</b>	<b>(5,000)</b>	<b>(6,000)</b>
Actual return on scheme assets	71,000	141,000
	<b>71,000</b>	<b>141,000</b>

Reconciliation of fair value of plan liabilities were as follows:

	2020 £	2019 £
Opening defined benefit obligation	1,226,000	1,195,000
Expenses paid	-	(1,000)
Interest cost	24,000	31,000
Actuarial (gains) and losses	172,000	258,000
Benefits paid	(28,000)	(257,000)
<b>CLOSING DEFINED BENEFIT OBLIGATION</b>	<b>1,394,000</b>	<b>1,226,000</b>

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**LIGNACITE LIMITED**

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

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**27. PENSION COMMITMENTS (CONTINUED)**

Reconciliation of fair value of plan assets were as follows:

	2020 £	2019 £
Opening fair value of scheme assets	912,350	929,350
Interest income on plan assets	19,000	25,000
Actuarial gains and (losses)	52,000	116,000
Contributions by employer	99,000	100,000
Benefits paid	(28,000)	(257,000)
Expenses paid	-	(1,000)
	<u>1,054,350</u>	<u>912,350</u>

The cumulative amount of actuarial losses recognised in the Statement of Comprehensive Income was £754,000 (2019 - £634,000).

Principal actuarial assumptions at the Statement of Financial Position date (expressed as weighted averages):

	2020 %	2019 %
Discount rate	1.35	2.0

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**LIGNACITE LIMITED**

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

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**27. PENSION COMMITMENTS (CONTINUED)**

Amounts for the current and previous four periods are as follows:

Defined benefit pension schemes

	2020 £	2019 £	2018 £	2017 £	2016 £
Defined benefit obligation	(1,394,000)	(1,226,000)	(1,195,000)	(1,311,000)	(1,036,000)
Scheme assets	1,054,350	912,350	929,350	970,350	792,350
<b>DEFICIT</b>	<b>(339,650)</b>	<b>(313,650)</b>	<b>(265,650)</b>	<b>(340,650)</b>	<b>(243,650)</b>
Experience adjustments on scheme liabilities	2,000	71,000	(25,000)	249,000	(370,000)
Experience adjustments on scheme assets	52,000	116,000	(121,000)	57,000	57,000

**Lignacite Limited (2003) Pension Scheme**

This scheme commenced on 1 November 2003 and is an earmarked money purchase scheme for the company's employees. As stated previously, all members of the 1996 pension scheme transferred the defined contribution element of their funds to this scheme on the aforementioned date. The pension cost charge for the year amounted to **£127,487** (2019 - £116,321).

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**LIGNACITE LIMITED**

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

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**28. COMMITMENTS UNDER OPERATING LEASES**

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

	2020 £	2019 £
Not later than 1 year	731,594	666,930
Later than 1 year and not later than 5 years	1,723,057	961,216
Later than 5 years	20,488	-
	<u>2,475,139</u>	<u>1,628,146</u>

At 31 December 2020 the Company had future minimum lease payments receivable under non-cancellable operating leases as follows:

	2020 £	2019 £
Not later than 1 year	75,000	75,000
Later than 1 year and not later than 5 years	215,667	263,167
Later than 5 years	65,000	95,000
	<u>355,667</u>	<u>433,167</u>

**29. TRANSACTIONS WITH DIRECTORS**

As at 1 January 2020, the overdrawn balances on directors' loan accounts totalled **£134,250**.

During the year, interest of **£3,206** (2019 - £2,576) was charged at a rate of 2.5%. As at 31 December 2020, the balances outstanding on the directors' loan accounts was **£134,250**, included within other debtors due within one year.

**30. RELATED PARTY TRANSACTIONS**

The total remuneration for key management personnel for the year totalled **£1,092,931** (2019 - £956,363).