

NEWMOR GROUP LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

Whittingham Riddell

chartered accountants

NEWMOR GROUP LIMITED

COMPANY INFORMATION

Directors

D J Morris
J M O Morris
C M Gapper (resigned 31 March 2020)
A N Warren
C G Sharp (appointed 5 September 2019)
D W Johnston (appointed 1 May 2020)

Registered number

00897076

Registered office

Henfaes Lane
Welshpool
Powys
SY21 7BE

Independent auditors

Whittingham Riddell LLP
Chartered Accountants & Statutory Auditors
Hafren House
5 St Giles Business Park
Newtown
Powys
SY16 3AJ

NEWMOR GROUP LIMITED

CONTENTS

	Page
Strategic Report	1 - 3
Directors' Report	4 - 6
Independent Auditors' Report	7 - 9
Profit and Loss Account	10
Statement of Comprehensive Income	11
Balance Sheet	12 - 13
Statement of Changes in Equity	14 - 15
Notes to the Financial Statements	16 - 38

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

Introduction

The Directors present their Strategic Report to the financial statements for the year ended 31 December 2019.

Business review

During 2019 the Company was challenged by the uncertainties created by the ongoing Brexit negotiations which created a volatility in foreign exchange rates with sterling being particularly weak in the third quarter of the year and thus impacted margins and sales levels. These economic considerations led to the reduction in the levels of domestic sales achieved and in margins. These reductions were offset by the Company's export sales which continued to grow during the course of the year. The initial effect of the weaker sterling rate was dealt with by entering into currency hedging contracts. The management of costs and the Company's continued strong financial position has been key in its ability to withstand the turbulent conditions experienced during the year.

The Company continues to expand into new markets and maintains its share of traditional markets, and to develop new products and make significant investments in the latest equipment and new sales channels which is planned to contribute towards the future growth of sales and minimise any reliance on a single customer, group of customers or particular market segment.

Increased efficiencies in operations and product differentiation helps to improve operating margins but these margins are continually under pressure from rising raw material prices and currency fluctuations. Pricing actions have been taken in all market segments to address this.

The Company also continues to fund its closed defined benefit pension scheme at a level which will eliminate any deficit or surplus over an agreed period. This deficit or surplus is recognised in the Company's balance sheet and is subject to the volatility inherent in the accounting valuation from year to year.

The impact of the Spring 2020 UK lockdown resulting from the Covid-19 Pandemic cannot be predicted but having entered the crisis in a strong position and taking advantage of the various cost mitigating opportunities and support afforded by Government action it is expected that the Company will emerge from the crisis in strength but possibly in a temporarily reduced state.

Principal risks and uncertainties

The risks facing the Company are constantly monitored and assessed.

The Company's business activities, financial condition and trading results could be affected by any or all of the following risks and uncertainties:

General business conditions and economy

The Directors are of the opinion that the principal risks facing the Company relate to the wider economic conditions which influence raw material cost, pricing and the demand for its products particularly as a result of the Covid-19 pandemic leading to the furloughing of many of the workforce during April, May, June and July 2020.

The Company seeks to manage these risks by maintaining an appropriate spread of market segments, product range, supplier base, production systems and active cash management during the Covid-19 Pandemic.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

Information Systems

The Company is reliant upon a number of business systems which, if disrupted for any length of time due to damage or interruption from loss of power, failure of telecommunications, sabotage or vandalism could have an adverse effect on the efficient running of the Company's business. As part of its Business Continuity Plan the Company has put in place a number of contingency plans, utilising the Company's multi site set up and cloud technology, to ensure that such system failures could not adversely affect the efficient running of the Company's business.

Health and safety

In common with all manufacturing businesses the factory environment exposes the Company to health and safety risk. The Directors take the health and safety of its employees and any third party on its sites very seriously and are mindful of health and safety regulatory compliance. Consequently they have in place stringent policies and procedures which are appropriately communicated and monitored by a designated Health and Safety Officer. The Directors are proud of the Company's excellent health and safety record. It is recognised that when furloughed personnel return to work Government advice will be followed to ensure that appropriate social distancing steps are introduced to ensure that the workforce are kept safe.

Financial Risk Management

The Company's operations expose it to a variety of financial risks that include the effects of credit risk, currency risk, liquidity risk and interest rate risk. The Company has in place a risk management programme that seeks to limit any adverse effects on the financial performance of the Company.

Credit risk

The Company operates procedures that require appropriate credit checks on potential customers before sales are made. Credit insurance is taken out on all customers, where available, with credit insurers and credit limits are set in accordance with that insurance. The amount of exposure to any uninsured individual counterparty is also subject to an appropriate limit, which is reassessed on an ongoing basis.

Currency risk

The Company's principal currency exposures are to the Euro and US Dollar. The Company has a natural hedge for the majority of its currency risk as it has significant sales and purchases in both currencies. There is a slight imbalance in the natural hedge for the Euro and this is managed through other hedging techniques such as, but not limited to, forward foreign exchange contracts. The Company continues to monitor potential exposures and risks, and consider effective risk management solutions.

Liquidity risk

Liquidity risk relates to the Company having sufficient financial resources to pay for the goods and services required to operate.

The Directors are confident that the banking and financing facilities currently in place, together with Government support resulting from the Covid-19 Pandemic, are more than adequate for the Company's working capital requirements and that the Company will have sufficient available funds for operations, planned expansions and any other opportunity that may arise.

Interest rate risk

The Company maintains a mix of fixed and variable rate borrowing, all of which are linked to Bank of England

NEWMOR GROUP LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Base Rate. The Directors are of the opinion that the Company benefits from competitive interest rates, in comparison to industry averages, by virtue of its strong balance sheet and profitability. The proportions of fixed and variable rate borrowings and any hedging requirement are constantly reviewed in the light of current and anticipated Money Market movements.

Financial key performance indicators

The Balance Sheet of the business remains strong and profits have remained strong over the period. The Statement of Comprehensive Income, Balance Sheet, and associated notes (as detailed on the following pages) adequately show the development, performance and position of the Company over the course of the year ending 31 December 2019. In the opinion of the Directors there are no Key Performance Indicators whose disclosure is necessary to add to an understanding of these financial results.

Other key performance indicators

The Company also uses a suite of non-financial KPI's to monitor and measure success on a weekly basis which cover the whole business operating spectrum reflecting the changing needs of the business.

The Company has a policy to protect the environment wherever it operates or sources materials with KPI's being used to measure the proportion of timber purchased from forests that are well managed environmentally according to the Forest Stewardship Council (FSC) Standards.

In addition other non-financial areas of the business such as customer service, staff productivity and wellbeing indicators considered key to the business are also monitored using KPI's.

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

.....
J M O Morris
Director

Date: 14 July 2020

NEWMOR GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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

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 judgments and accounting estimates that are reasonable and prudent;
- 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 £1,774,327 (2018 - £1,554,048).

During the year, dividends of £NIL were paid (2018: £218,500).

Directors

The Directors who served during the year were:

D J Morris

J M O Morris

C M Gapper (resigned 31 March 2020)

A N Warren

C G Sharp (appointed 5 September 2019)

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

Future developments

Trading during 2019 was satisfactory and with careful control over costs produced an improved result, the Directors' projections for 2020 had been to see a reasonable amount of growth in sales and the maintenance of profitability. However, the arrival of the Covid-19 Pandemic has obviously caused these positive expectations to be revised. The board sees the crisis to be an opportunity to reflect on business practices and its exposure to the leisure industry will have a detrimental effect on sales to customers in that sector but the opportunity to further develop the offerings to the construction sector are anticipated to bolster the Company as a whole. The export market for wallcoverings fell in the late spring and there are signs that this should recover in late summer and early autumn. Active steps have been taken to protect the business to ensure that support can be given to employees, customers and suppliers alike.

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.

Post balance sheet events

The consequences of Covid-19 have been that at lockdown the production at many customers ceased with deliveries and orders being cancelled in late March. As a result, a large proportion of employees were furloughed, and the Company was able to benefit from the Government's Job Retention Scheme. Urgent, prudent revisions were made to budgets and cashflow projections so that the Board could see what steps needed to take place in the short term to protect the business.

We successfully applied for a grant from the Welsh Government's Economic Resilience Fund, being awarded £100,000. We obtained a Coronavirus Business Interruption Loan of £1,000,000. We were able to defer three months payments to HMRC for VAT and Payroll Taxes. The Trustees of the Defined Benefit Pension Scheme agreed to postpone monthly payments of the recovery plan during the three months from April. Directors and employees have reduced their remuneration pro tem. As a result of these steps cashflow remained very positive during April, May and June where we were able to collect a very high proportion of debts and were able to meet our obligations to creditors.

As a result of the Covid-19 Pandemic sales have fallen in the three months from April albeit costs have also fallen and while losses were made in April and May they were minimized. June has seen a return to profitability across both primary business areas, and revised budgets indicate that the Board are confident the Company will be profitable for the year as a whole.

Auditors

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

NEWMOR GROUP LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

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J M O Morris
Director

Date: 14 July 2020

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NEWMOR GROUP LIMITED

Opinion

We have audited the financial statements of Newmor Group Limited (the 'Company') for the year ended 31 December 2019, which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, 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 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

NEWMOR GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NEWMOR GROUP LIMITED (CONTINUED)

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NEWMOR GROUP LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 4, 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.

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 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 for our audit work, for this report, or for the opinions we have formed.

Andrew Malpass BA FCA (Senior Statutory Auditor)

for and on behalf of

Whittingham Riddell LLP

Chartered Accountants
Statutory Auditors

Hafren House
5 St Giles Business Park
Newtown
Powys
SY16 3AJ

14 July 2020

NEWMOR GROUP LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £	2018 £
Turnover	4	28,906,514	28,944,723
Cost of sales		(20,812,584)	(20,963,043)
Gross profit		8,093,930	7,981,680
Distribution costs		(2,760,807)	(2,382,524)
Administrative expenses		(3,117,067)	(3,739,686)
Other operating income	5	39,500	65,480
Operating profit	6	2,255,556	1,924,950
Income from other fixed asset investments		28,882	20,917
Interest receivable and similar income	11	-	1,010
Interest payable and similar expenses	12	(77,383)	(76,522)
Other finance income		(87,000)	(73,000)
Profit before tax		2,120,055	1,797,355
Tax on profit	14	(345,728)	(243,307)
Profit for the financial year		1,774,327	1,554,048

The notes on pages 16 to 38 form part of these financial statements.

NEWMOR GROUP LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £	2018 £
Profit for the financial year		1,774,327	1,554,048
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Other comprehensive income			
Actuarial loss on defined benefit schemes		(779,000)	(505,000)
Movement on deferred tax relating to pension gains		162,590	47,260
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Other comprehensive income for the year		(616,410)	(457,740)
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Total comprehensive income for the year		<u>1,157,917</u>	<u>1,096,308</u>

The notes on pages 16 to 38 form part of these financial statements.

NEWMOR GROUP LIMITED
REGISTERED NUMBER: 00897076

BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	16	4,596,622	4,425,640
Investments	17	66,124	66,124
		<u>4,662,746</u>	<u>4,491,764</u>
Current assets			
Stocks	18	3,576,518	3,353,952
Debtors: amounts falling due within one year	19	7,275,740	7,108,936
Cash at bank and in hand	20	1,789,615	999,854
		<u>12,641,873</u>	<u>11,462,742</u>
Creditors: amounts falling due within one year	21	(4,425,003)	(5,014,683)
Net current assets		<u>8,216,870</u>	<u>6,448,059</u>
Total assets less current liabilities		<u>12,879,616</u>	<u>10,939,823</u>
Creditors: amounts falling due after more than one year	22	(623,467)	(1,419,999)
		<u>12,256,149</u>	<u>9,519,824</u>
Provisions for liabilities			
Deferred taxation	25	(371,053)	(325,645)
		<u>(371,053)</u>	<u>(325,645)</u>
Net assets excluding pension liability		<u>11,885,096</u>	<u>9,194,179</u>
Pension liability		(3,599,000)	(3,066,000)
Net assets		<u><u>8,286,096</u></u>	<u><u>6,128,179</u></u>

NEWMOR GROUP LIMITED
REGISTERED NUMBER: 00897076

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Capital and reserves			
Called up share capital	26	1,015,000	15,000
Pension benefit reserve	27	(3,943,190)	(3,326,780)
Profit and loss account	27	11,214,286	9,439,959
		<u>8,286,096</u>	<u>6,128,179</u>

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

.....
J M O Morris

Director

Date: 14 July 2020

The notes on pages 16 to 38 form part of these financial statements.

NEWMOR GROUP LIMITED

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

	Called up share capital £	Pension benefit reserve £	Profit and loss account £	Total equity £
At 1 January 2019	15,000	(3,326,780)	9,439,959	6,128,179
Comprehensive income for the year				
Profit for the year	-	-	1,774,327	1,774,327
Actuarial losses on pension scheme	-	-	(616,410)	(616,410)
Transfer of actuarial loss on pension scheme from	-	-	616,410	616,410
Profit and Loss Account to Pension Benefit Reserve	-	(616,410)	-	(616,410)
Total comprehensive income for the year	-	(616,410)	1,774,327	1,157,917
Shares issued during the year	1,000,000	-	-	1,000,000
At 31 December 2019	1,015,000	(3,943,190)	11,214,286	8,286,096

The notes on pages 16 to 38 form part of these financial statements.

NEWMOR GROUP LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Called up share capital £	Pension benefit reserve £	Profit and loss account £	Total equity £
At 1 January 2018	15,000	(2,869,040)	8,104,411	5,250,371
Comprehensive income for the year				
Profit for the year	-	-	1,554,048	1,554,048
Actuarial losses on pension scheme	-	-	(457,740)	(457,740)
Transfer of actuarial loss on pension scheme from	-	-	457,740	457,740
Profit and Loss Account to Pension Benefit Reserve	-	(457,740)	-	(457,740)
Total comprehensive income for the year	-	(457,740)	1,554,048	1,096,308
Dividends: Equity capital	-	-	(218,500)	(218,500)
At 31 December 2018	15,000	(3,326,780)	9,439,959	6,128,179

The notes on pages 16 to 38 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. General information

The Company operates in England and Wales and is a private company limited by shares and is incorporated and domiciled in the UK. The principal activities are that of the manufacture and sale of wallcoverings, laminated boards and profiles. The address of the registered office is Madoc Works, Henfaes Lane, Welshpool, Powys, SY21 7BE.

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 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

After making enquires, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements. The Directors have also assessed the potential impact on the future operations of the Company with regard to the Covid-19 outbreak. The Company is considered to be well positioned given the current environment with no impact on the going concern basis of the financial statements.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue 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 revenue is recognised:

Sale of goods

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

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

2.5 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 the Profit and Loss Account 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 Profit and Loss Account in the same period as the related expenditure.

2.6 Interest income

Interest income is recognised in the Profit and Loss Account using the effective interest method.

2.7 Finance costs

Finance costs are charged to the Profit and Loss Account 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.

2.8 Borrowing costs

All borrowing costs are recognised in the Profit and Loss Account in the year in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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 Profit and Loss Account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

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 Balance Sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the balance sheet date less the fair value of plan assets at the balance sheet date (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 2019

2. Accounting policies (continued)

2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account, except that a 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 balance sheet 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 Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; 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 balance sheet date.

2.11 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, on a straight line or reducing balance basis.

Depreciation is provided on the following basis:

Freehold property	- 4% straight line
Plant and machinery	- 15% reducing balance
Motor vehicles	- 25% reducing balance

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 Profit and Loss Account.

No further depreciation is being provided on Freehold Property on the basis that the net book value is equal to the residual value of the asset.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.12 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Profit and Loss Account for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2.13 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 balance sheet 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.

2.14 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.

2.15 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.

2.16 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.

2.17 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 Profit and Loss Account in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet 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 Balance Sheet.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.18 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 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 in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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 impairment loss is recognised in the Profit and Loss Account.

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.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The Company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

2.19 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. In the opinion of the Directors there are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

4. Turnover

The whole of the turnover is attributable to the manufacture and sale of wallcoverings, laminated boards and profiles.

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	24,052,234	24,671,345
Rest of the world	4,854,280	4,273,378
	<u>28,906,514</u>	<u>28,944,723</u>

5. Other operating income

	2019 £	2018 £
Net rents receivable	-	9,500
Government grants receivable	39,500	55,980
	<u>39,500</u>	<u>65,480</u>

6. Operating profit

The operating profit is stated after charging / (crediting):

	2019 £	2018 £
Exchange differences	75,914	(2,764)
Government grants	<u>(39,500)</u>	<u>(55,980)</u>

NEWMOR GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

7. Auditors' remuneration

	2019 £	2018 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>14,470</u>	<u>13,470</u>
Fees payable to the Company's auditor and its associates in respect of:		
All other services	<u>1,500</u>	<u>1,455</u>
	<u>1,500</u>	<u>1,455</u>

8. Employees

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

	2019 £	2018 £
Wages and salaries	5,709,157	5,275,491
Social security costs	425,397	451,888
Cost of defined contribution scheme	141,276	206,923
	<u>6,275,830</u>	<u>5,934,302</u>

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

	2019 No.	2018 No.
Production	133	129
Sales and Administration	76	81
	<u>209</u>	<u>210</u>

NEWMOR GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

9. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	178,038	347,588
Company contributions to defined contribution pension schemes	9,946	66,807
	<u>187,984</u>	<u>414,395</u>

During the year retirement benefits were accruing to 3 Directors (2018 - 3) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £93,005 (2018 - £143,033).

10. Income from investments

	2019 £	2018 £
Dividends received from unlisted investments	28,882	20,917
	<u>28,882</u>	<u>20,917</u>

11. Interest receivable

	2019 £	2018 £
Other interest receivable	-	1,010
	<u>-</u>	<u>1,010</u>

12. Interest payable and similar expenses

	2019 £	2018 £
Bank interest payable	29,379	24,422
Other loan interest payable	8,393	9,270
Other interest payable	39,611	42,830
	<u>77,383</u>	<u>76,522</u>

NEWMOR GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

13. Other finance costs

	2019 £	2018 £
Net interest on net defined benefit liability	(87,000)	(73,000)
	<u>(87,000)</u>	<u>(73,000)</u>

14. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	252,676	272,230
Adjustments in respect of previous periods	47,644	(101,273)
	<u>300,320</u>	<u>170,957</u>
Total current tax	<u>300,320</u>	<u>170,957</u>
Deferred tax		
Origination and reversal of timing differences	45,408	72,350
Total deferred tax	<u>45,408</u>	<u>72,350</u>
Taxation on profit on ordinary activities	<u>345,728</u>	<u>243,307</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

14. Taxation (continued)

Factors affecting tax charge for the year

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

	2019 £	2018 £
Profit on ordinary activities before tax	<u>2,120,055</u>	<u>1,797,355</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	402,810	363,601
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	819	431
Adjustments to tax charge in respect of prior periods	47,644	(101,273)
Non-taxable income	(5,488)	-
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(63,012)	-
Adjustment to deferred taxation rate	(29,021)	-
Other differences leading to an increase (decrease) in the tax charge	(8,024)	(19,452)
Total tax charge for the year	<u>345,728</u>	<u>243,307</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

15. Dividends

	2019 £	2018 £
Ordinary	-	218,500
	<u>-</u>	<u>218,500</u>

NEWMOR GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

16. Tangible fixed assets

	Freehold property £	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation				
At 1 January 2019	2,648,326	5,745,555	130,638	8,524,519
Additions	-	487,191	36,660	523,851
Disposals	-	(124,630)	(64,575)	(189,205)
At 31 December 2019	2,648,326	6,108,116	102,723	8,859,165
Depreciation				
At 1 January 2019	6,274	3,983,295	109,313	4,098,882
Charge for the year on owned assets	-	261,024	6,498	267,522
Charge for the year on financed assets	-	48,442	-	48,442
Disposals	-	(95,281)	(57,022)	(152,303)
At 31 December 2019	6,274	4,197,480	58,789	4,262,543
Net book value				
At 31 December 2019	<u>2,642,052</u>	<u>1,910,636</u>	<u>43,934</u>	<u>4,596,622</u>
At 31 December 2018	<u>2,642,052</u>	<u>1,762,260</u>	<u>21,325</u>	<u>4,425,637</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2019 £	2018 £
Plant and machinery	529,064	216,626
	<u>529,064</u>	<u>216,626</u>

NEWMOR GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

17. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2019	66,124
At 31 December 2019	<u>66,124</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding
Designsingle Limited	Ordinary	100 %
Morland Profiles Limited	Ordinary	100 %
Newmor Limited	Ordinary	100 %
Newmor Wallcoverings LLC	Ordinary	49 %

The aggregate of the share capital and reserves as at 31 December 2019 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(Loss) £
Designsingle Limited	(498,154)	-
Interior Products Group Limited	1	-
Newmor Limited	1	-
Newmor Wallcoverings LLC	(419,640)	(150,516)

NEWMOR GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

18. Stocks

	2019 £	2018 £
Raw materials and consumables	2,293,767	2,793,383
Work in progress (goods to be sold)	25,104	33,687
Finished goods and goods for resale	1,257,647	526,882
	<u>3,576,518</u>	<u>3,353,952</u>

19. Debtors

	2019 £	2018 £
Trade debtors	4,437,785	5,772,408
Amounts owed by group undertakings	1,727,589	577,331
Amounts owed by joint ventures and associated undertakings	93,555	108,293
Other debtors	142,172	129,684
Prepayments and accrued income	190,829	-
Deferred taxation	683,810	521,220
	<u>7,275,740</u>	<u>7,108,936</u>

20. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	1,789,615	999,854
	<u>1,789,615</u>	<u>999,854</u>

NEWMOR GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

21. Creditors: Amounts falling due within one year

	2019 £	2018 £
Bank loans	99,607	97,970
Trade creditors	2,968,318	3,333,509
Amounts owed to group undertakings	-	13,905
Corporation tax	230,282	356,341
Other taxation and social security	467,704	590,385
Obligations under finance lease and hire purchase contracts	116,033	38,315
Other creditors	-	2,358
Accruals and deferred income	543,059	581,900
	<u>4,425,003</u>	<u>5,014,683</u>

The following liabilities were secured:

	2019 £	2018 £
Bank loans	99,607	97,970
Obligations under finance lease and hire purchase contracts	116,033	38,315
	<u>215,640</u>	<u>136,285</u>

Details of security provided:

Bank loans are secured by a first legal charge over specific freehold properties held by the Group. As a result of the Covid-19 outbreak the Company has taken advantage of a 12 month capital payment holiday on bank loans.

Net obligations under finance lease and hire purchase contracts are secured upon the assets to which they relate.

NEWMOR GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

22. Creditors: Amounts falling due after more than one year

	2019 £	2018 £
Bank loans	271,215	363,376
Net obligations under finance leases and hire purchase contracts	352,252	45,961
Other creditors	-	10,659
Share capital treated as debt	-	1,000,000
	<u>623,467</u>	<u>1,419,996</u>

Further details on the share capital treated as debt can be found at note 26.

The following liabilities were secured:

	2019 £	2018 £
Bank loans	271,215	363,376
Net obligations under finance leases and hire purchase contracts	366,350	45,961
	<u>637,565</u>	<u>409,337</u>

Details of security provided:

Bank loans are secured by a first legal charge over specific freehold properties held by the Group. As a result of the Covid-19 outbreak the Company has taken advantage of a 12 month capital payment holiday on bank loans.

Net obligations under finance lease and hire purchase contracts are secured upon the assets to which they relate.

NEWMOR GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

23. Loans

Analysis of the maturity of loans is given below:

	2019 £	2018 £
Amounts falling due within one year		
Bank loans	99,607	97,970
	<u>99,607</u>	<u>97,970</u>
Amounts falling due 1-2 years		
Bank loans	129,706	99,607
	<u>129,706</u>	<u>99,607</u>
Amounts falling due 2-5 years		
Bank loans	141,509	263,769
	<u>141,509</u>	<u>263,769</u>
	<u>370,822</u>	<u>461,346</u>

24. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2019 £	2018 £
Within one year	116,033	38,315
Between 1-5 years	352,252	45,961
	<u>468,285</u>	<u>84,276</u>

NEWMOR GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

25. Deferred taxation

	2019 £
At beginning of year	195,575
Charged to the profit or loss	(45,408)
Charged to other comprehensive income	162,590
At end of year	<u>312,757</u>

The deferred tax balance is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	(371,053)	(325,645)
Post employment benefits	683,810	521,220
	<u>312,757</u>	<u>195,575</u>
Comprising:		
Asset - due within one year	683,810	521,220
Liability	(371,053)	(325,645)
	<u>312,757</u>	<u>195,575</u>

NEWMOR GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

26. Share capital

	2019 £	2018 £
Shares classified as equity		
Allotted, called up and fully paid		
15,000 (2018 - 15,000) Ordinary shares of £1.00 each	15,000	15,000
1,000,000 (2018 - NIL) Redeemable Preference shares of £1.00 each	1,000,000	-
	<u>1,015,000</u>	<u>15,000</u>
		2018 £
Shares classified as debt		
Allotted, called up and fully paid		
NIL (2018 - 1,000,000) Redeemable Preference shares of £1.00 each	<u>-</u>	<u>1,000,000</u>

The rights attributed to the redeemable preference shares were amended during the year to the effect that this preference share capital is now classified as equity.

The redeemable preference shares had been redeemable at par with three months notice by either the Company or the shareholders, and accrued an annual dividend including any associated tax credit of eighteen pence for each share. These had been classified as debt (refer to note 22).

27. Reserves

Pension benefit reserve

The pension benefit reserve is used to show cumulative actuarial gains/losses on the defined benefit pension scheme separately from the Company's profit and loss reserve.

Profit and loss account

The profit and loss account represents accumulated undistributed retained profits since incorporation.

28. Capital commitments

At 31 December 2019 the Company had capital commitments as follows:

	2019 £	2018 £
Contracted for but not provided in these financial statements	54,000	-
	<u>54,000</u>	<u>-</u>

NEWMOR GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

29. Pension commitments

The Company operates a Defined Benefit Pension Scheme.

Reconciliation of present value of plan liabilities:

	2019 £	2018 £
Reconciliation of present value of plan liabilities		
At the beginning of the year	(15,664,000)	(16,785,000)
Interest cost	457,000	455,000
Actuarial gains/losses	(1,957,000)	535,000
Benefits paid	881,000	1,041,000
At the end of the year	(17,197,000)	(15,664,000)

Reconciliation of present value of plan assets:

	2019 £	2018 £
At the beginning of the year	12,598,000	13,997,000
Interest income	370,000	382,000
Actuarial gains/losses	1,178,000	(1,040,000)
Contributions	333,000	300,000
Benefits paid	(881,000)	(1,041,000)
At the end of the year	13,598,000	12,598,000

NEWMOR GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

29. Pension commitments (continued)

Composition of plan assets:

	2019 £	2018 £
Equities	7,717,000	6,656,000
Bonds	4,555,000	4,652,000
Property	917,000	942,000
Cash	409,000	348,000
Total plan assets	13,598,000	12,598,000

	2019 £	2018 £
Fair value of plan assets	13,598,000	12,598,000
Present value of plan liabilities	(17,197,000)	(15,664,000)
Net pension scheme liability	(3,599,000)	(3,066,000)

The amounts recognised in profit or loss are as follows:

	2019 £	2018 £
Interest on obligation	(87,000)	(73,000)
Total	(87,000)	(73,000)

The Company expects to contribute £NIL to its Defined Benefit Pension Scheme in 2020.

NEWMOR GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

29. Pension commitments (continued)

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	2019	2018
	%	%
Discount rate	2.1	3.0
Price inflation (RPI)	3.2	3.3
Price inflation (CPI)	2.2	2.3
Mortality rates		
- for a male aged 65 now	20.8	21.2
- at 65 for a male aged 45 now	21.8	22.3
- for a female aged 65 now	32.0	23.0
- at 65 for a female member aged 45 now	24.2	24.2

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

	2019	2018	2017	2016	2015
	£	£	£	£	£
Defined benefit obligation	(17,197,000)	(15,664,000)	(16,785,000)	(16,970,000)	(15,173,000)
Scheme assets	13,598,000	12,598,000	13,997,000	12,776,000	11,258,000
Related deferred tax asset	683,810	521,220	473,960	712,980	665,550
Net Scheme Surplus/(Deficit)	(2,915,190)	(2,544,780)	(2,314,040)	(3,481,020)	(3,249,450)

30. Commitments under operating leases

At 31 December 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019	2018
	£	£
Not later than 1 year	25,113	33,302
Later than 1 year and not later than 5 years	12,669	36,331
	37,782	69,633

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

31. Related party transactions

Group Companies

The Company has taken advantage of the exemption within FRS102 to not disclose transactions with Group members. All such transactions are included in the consolidated accounts of John Morris Holdings Limited, the parent Company of this Company.

32. Controlling party

The Company's ultimate parent is John Morris Holdings Limited

The Company is under the control of J. M. O. Morris, Director, by virtue of his shareholding in the above ultimate parent undertaking.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.