

Black Cat Fireworks Limited

Annual report and financial statements for the year ended 31 December 2019

Company registered no: 1900841



Black Cat Fireworks Limited

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Black Cat Fireworks Limited

Board of directors and advisers

Officers and professional advisors

Directors

D Pupke
N A. Cottrell

Company number

1900841

Registered office

Centenary House
Centenary Way
Salford
Manchester
M50 1RF

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Hardman Square
Manchester
M3 3EB

Black Cat Fireworks Limited

Strategic report for the year ended 31 December 2019

The directors present their strategic report for the year ended 31 December 2019.

Principal activities

The company's principal activity is that of importing, marketing and distribution of consumer products, predominantly fireworks and other seasonal products, although the directors are exploring opportunities to widen the product base.

Results and dividends

The company's loss for the financial year is £859,000 (2018: £956,000) and includes an investment impairment charge of £nil (2018: £1,034,000).

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

Effect of adoption of IFRS 16 "Leases"

IFRS 16 "Leases" was issued in January 2018 with an effective date of 1 January 2019. The standard specifies how leases are recognised, presented, measured and disclosed.

The company has adopted IFRS 16 "Leases" retrospectively from 1 January 2018 and has restated comparatives for the 2018 reporting period. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2018.

The new accounting policy is disclosed in note 1.

The main effect is that assets leased under operating leases are now recognised as right of use assets on the balance sheet, with the corresponding lease liability being recognised in creditors. Rental costs previously charged through the income statement are replaced with amortisation charges on the right of use assets and interest charges on the lease liabilities. The net impact on the income statement in the year is less than £1,000 (2018: less than £1,000). The adjustment made to opening reserves as at 1 January 2018 was negligible.

Prior year adjustment

The accounts include a prior year adjustment in relation to the pension scheme liability which was understated in the prior year Statement of financial position by £620,000. There was no impact on the prior year Income statement as the amount was dealt with in the Statement of comprehensive income, which has been adjusted accordingly. A table showing the impact of this adjustment is shown in note 1.

Review of business and future developments

The results for the year ended 31 December 2019 are summarised as follows:

	£'000
Operating loss	(778)
Net finance costs	(79)
Loss before taxation	(857)
Taxation on loss	(2)
Loss for the financial year	(859)

Turnover decreased by £2,005,000 compared to the previous year, as a result of a decrease in selling volumes due to the loss of a customer. Margins fell compared with the previous year. Total operating costs reduced by 8.8% due to reduced distribution and trading costs associated with the loss of a customer; overall operating profit decreased from £254,000 to a loss of £778,000.

Black Cat Fireworks Limited

Strategic report for the year ended 31 December 2019 (continued)

Review of business and future developments (continued)

The company continues to focus on meeting customer expectations, by maintaining competitiveness and impeccable service levels. Developing ever stronger customer relationships remains a high priority within the business and the 2020 order book is in line with expectations.

The company has access to sufficient funding to meet its working capital requirements and other committed payments.

The position of the company at the year-end is as expected.

Post balance sheet events

On 11 March 2020, the World Health Organisation declared the Covid-19 outbreak a pandemic. Since then, the outbreak of Coronavirus has had a major impact on the economy, individuals and the demand for products.

The Directors have reviewed the potential effect of Coronavirus on the company and have taken appropriate actions to mitigate the impacts. Central Government support has been obtained including the furlough scheme and the VAT deferment scheme. Detailed risk assessments have been undertaken to minimise the risk of an outbreak in the company.

Covid-19 affected the amount of stock that was shipped to us from China. Large scale bonfire night firework displays were cancelled due to Covid-19, but families were still able to celebrate on a smaller scale under the lockdown measures in place. Although limited to an extent by the lower stock levels, this resulted in higher than expected sales to all customers. In Wales there was a temporary ban on fireworks, but this was lifted in time for our peak selling week.

We are forecasting for a repeat of this trend during our new year selling period. As a result, financial forecasts, revised to include the actual and further possible impact of the pandemic on the company, continue to show that the company is able to remain a going concern.

On 20 March 2020, Golden Lincoln Holdings I Limited (the “Acquirer”) and Li & Fung Limited issued a joint announcement that the entire share capital of Li & Fung Limited would be cancelled and replaced by newly issued shares to the Acquirer. Li & Fung Limited would then become a wholly owned subsidiary of the Acquirer, which itself is a whole-owned subsidiary of Golden Lincoln Holdings II Limited.

The Proposed Acquisition was approved by Li & Fung Limited’s shareholders in a Special General Meeting on 12 May 2020 and completed on 26 May 2020.

On 27 May 2020, the company’s ultimate parent and controlling party was delisted from the Hong Kong Stock Exchange (note 26).

These are non-adjusting events for the company’s financial statements for the year ended 31 December 2019.

Going concern

The company meets its day-to-day working capital requirements through its cash pooling, overdraft and intercompany loan arrangements. The company’s forecasts and projections, taking account of reasonably possible changes in trading performance, including as a result of Covid-19, show that the company should be able to operate within the level of its current cash reserves and borrowings. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The directors have received confirmation that LF Europe Limited intends to support the company for at least one year from the date of signing these financial statements. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Key Performance Indicators

The performance of Black Cat Fireworks Limited is measured on revenue, gross margin, and overhead cost control. The company also have a number of non-financial measures, such as level of product innovation, employee well-being, customer satisfaction and market share.

Black Cat Fireworks Limited

Strategic report for the year ended 31 December 2019 (continued)

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes in debt market prices, price risk, credit risk, liquidity risk and interest rate cash flow risk. In conjunction with its parent group, Li & Fung Limited, the company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs.

Financial risk management (continued)

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the Board. The policies set by the Board of directors are implemented by the company's finance department.

The department has a policy and procedures manual that sets out specific guidelines to manage interest rate risk, credit risk and circumstances where it would be appropriate to use financial instruments to manage these.

There is an element of uncertainty resulting from Brexit, the impact of which is still difficult to predict. The directors are continuing to monitor the situation.

Price risk

The company is exposed to commodity price risk as a result of its operations. However, given the size of the company's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature. The company has no exposure to equity securities price risk as it holds no listed or other equity investments.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. Where debt finance is utilised, this is subject to pre-approval by the Board of directors and such approval is limited to financial institutions with an AA rating or better. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually by the Board. Deposits with financial institutions are held in low risk current accounts

Interest rate cash flow risk

The company has both interest bearing assets, in form of cash balances and interest bearing liabilities. Interest bearing assets include only cash balances, all of which earn interest at a variable rate. The company utilises bank overdraft and group finance that is designed to ensure the company has sufficient available funds for its operations and its required level of working capital. Floating rate interest rates apply to the bank overdraft whilst the group financing is interest free. The directors reassess these in the context of longer term interest rate trends.

Principal risks and uncertainties

The key business risk and uncertainty affecting the company relates to competition from the UK and overseas. The company seeks to minimise this risk through continued investment in marketing and a proactive approach to customer service.

On behalf of the Board



N A Cottrell

Director

15 December 2020

Black Cat Fireworks Limited

Directors' report for the year ended 31 December 2019

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

General information

The company is a private company, limited by shares, incorporated and domiciled in the United Kingdom and registered in England & Wales.

Future developments, risk management and dividends

Future developments, risk management and dividends are covered in the Strategic Report.

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements are given below:

U S Brettschneider (resigned 31 January 2019)
R S Lister (resigned 31 March 2019)
N A Cottrell
R G Young (appointed 31 March 2019, resigned 2 January 2020)
D Pupke (appointed 2 January 2020)

The company maintains liability insurance for its directors and officers. By virtue of the articles of association, the company has also provided indemnity for its directors and the secretary, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006, which was in place both during the financial year and at the date of approval of the financial statements.

Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability. Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the company as a whole. Communication with all employees continues through various briefing groups.

Policy and practice on payment of creditors

The company supports the CBI's Prompt Payment Code, and endeavours to ensure all payments are made within agreed credit terms.

Political and charitable donations

The company made no political donations or UK charity donations during the year (2018: £nil).

Black Cat Fireworks Limited

Directors' report for the year ended 31 December 2019 (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors 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.

Disclosure of information to auditors

In so far as each director is aware, there is no relevant audit information of which the company's auditors, PricewaterhouseCoopers LLP, are unaware and each director has taken all the steps he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

The independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

On behalf of the Board



N A Cottrell

Director

15 December 2020

Black Cat Fireworks Limited

Independent auditors' report to the members of Black Cat Fireworks Limited

Report on the audit of the financial statements

Opinion

In our opinion, Black Cat Fireworks Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Statement of financial position as at 31 December 2019; the Income statement and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Black Cat Fireworks Limited

Independent auditors' report to the members of Black Cat Fireworks Limited (continued)

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Nicholas Boden (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
15 December 2020

Black Cat Fireworks Limited

Income statement for the year ended 31 December 2019

		2019	Restated 2018
	Note	£'000	£'000
Turnover	2	5,347	7,352
Cost of sales		(2,262)	(2,843)
Gross profit		3,085	4,509
Distribution costs		(2,274)	(2,672)
Administrative expenses		(1,630)	(1,607)
Other operating income		41	24
Operating (loss)/profit		(778)	254
Impairment of investment		-	(1,034)
Loss before interest and tax		(778)	(780)
Finance income	5	236	220
Finance costs	6	(315)	(371)
Loss before taxation	7	(857)	(931)
Tax on loss	8	(2)	(25)
Loss for the financial year		(859)	(956)

Statement of comprehensive income for the year ended 31 December 2019

		2019	Restated 2018
	Note	£'000	£'000
Loss for the financial year		(859)	(956)
Other comprehensive (expense)/income			
Actuarial (loss)/profit on pension scheme for the year	23	354	2,895
Other comprehensive (expenses)/income for the year		354	2,895
Total comprehensive (expenses)/income for the year		(505)	1,939

All activities are in respect of continuing operations.

Black Cat Fireworks Limited

Statement of financial position as at 31 December 2019

	Note	2019 £'000	Restated 2018 £'000
Fixed assets			
Intangible assets	9	11	19
Property, plant and equipment	10	187	390
Right of use assets	11	17	39
Investments	12	1	1
		216	449
Current assets			
Stocks	13	2,319	2,279
Debtors	14	447	1,520
Cash at bank and in hand		2,973	11,691
		5,739	15,490
Creditors: amounts falling due within one year	15	(2,062)	(11,045)
Net current assets		3,677	4,445
Total assets less current liabilities		3,893	4,894
Creditors: amounts falling due after more than one year	16	(7)	(25)
Net assets excluding post-employment benefits		3,886	4,869
Post-employment benefits	23	(1,306)	(1,782)
Net assets		2,580	3,087
Capital and reserves			
Called up share capital	19	15,500	15,500
Capital redemption reserve		7	9
Profit and loss account		(12,927)	(12,422)
Total shareholders' funds		2,580	3,087

These financial statements were approved by the Board of directors on 15 December 2020 and were signed on its behalf by:



N A Cottrell
Director
 Black Cat Fireworks Limited
 Registered number 1900841

Black Cat Fireworks Limited

Statement of changes in equity for the year ended 31 December 2019

	Called up share capital	Capital redemption reserve	Restated Profit and loss account	Restated Total shareholders' funds
	£'000	£'000	£'000	£'000
Balance as at 1 January 2018	15,500	10	(14,361)	1,149
Loss for the financial year	-	-	(956)	(956)
Other comprehensive income for the year (original)	-	-	3,515	3,515
Prior year adjustment	-	-	(620)	(620)
Total comprehensive income for the year (restated)	-	-	1,939	1,939
Arising on share based compensation	-	(1)	-	(1)
Total transactions recognised directly in equity	-	(1)	-	(1)
Balance as at 1 January 2019 (restated)	15,500	9	(12,422)	3,087
Loss for the financial year	-	-	(859)	(859)
Other comprehensive expense for the year	-	-	354	354
Total comprehensive expense for the year	-	-	(505)	(505)
Arising on share based compensation	-	(2)	-	(2)
Total transactions recognised directly in equity	-	(2)	-	(2)
Balance as at 31 December 2019	15,500	7	(12,927)	2,580

Black Cat Fireworks Limited

Notes to the financial statements for the year ended 31 December 2019

1. Principal accounting policies

The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Basis of preparation

The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. The financial statements have been prepared in accordance with FRS 101, 'Reduced Disclosure Framework'.

The financial statements have been prepared under the historical cost convention, on a going concern basis and in accordance with the Companies Act 2006, as applicable to companies adopting FRS101. The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined)
- IFRS 7, 'Financial instruments: Disclosures'
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1;
 - (ii) paragraph 73(e) of IAS 16 Property, plant and equipment;
 - (iii) paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the period)
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - (i) 10(d), (statement of cash flows)
 - (ii) 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements),
 - (iii) 16 (statement of compliance with all IFRS),
- IAS 7, 'Statement of cash flows'
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)
- The requirements of IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of the group.

Going concern

The company meets its day-to-day working capital requirements through its cash pooling, overdraft and intercompany loan arrangements. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, including as a result of Covid-19, show that the company should be able to operate within the level of its current cash reserves and borrowings. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The directors have received confirmation that LF Europe Limited intends to support the company for at least one year from the date of signing these financial statements. The company therefore continues to adopt the going concern basis in preparing its financial statements.

New standards, amendments and IFRIC interpretations

IFRS 16 "Leases" was issued in January 2018 with an effective date of 1 January 2019. The standard specifies how leases are recognised, presented, measured and disclosed. The full retrospective approach has been adopted in these financial statements.

The impact of the restatement on the prior year financial statements is shown in the following tables. This also incorporates the impact of the prior year adjustment relating to the restatement of the pension liability.

Black Cat Fireworks Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

1. Principal accounting policies (continued)

Income statement for the year ended 31 December 2018 - restatement

	Original 2018 £'000	Prior year adjustment £'000	IFRS 16 adjustment £'000	Restated 2018 £'000
Turnover	7,352	-	-	7,352
Cost of sales	(2,843)	-	-	(2,843)
Gross profit	4,509	-	-	4,509
Distribution costs	(2,672)	-	-	(2,672)
Administrative expenses (IFRS 16: additional depreciation £22,000, rent cost reversal £23,000)	(1,608)	-	1	(1,607)
Other operating income	24	-	-	24
Operating (loss)/profit	253	-	1	254
Impairment of investment	(1,034)	-	-	(1,034)
Loss before interest and tax	(781)	-	1	(780)
Finance income	220	-	-	220
Finance costs (IFRS 16: notional interest on lease liability)	(370)	-	(1)	(370)
Loss before taxation	(931)	-	-	(931)
Tax on loss	(25)	-	-	(25)
Loss for the financial year	(956)	-	-	(956)

Statement of comprehensive income for the year ended 31 December 2018 - restatement

	Original 2018 £'000	Prior year adjustment £'000	IFRS 16 adjustment £'000	Restated 2018 £'000
Loss for the financial year	(956)	-	-	(956)
Other comprehensive (expense)/income				
Actuarial (loss)/profit on pension scheme for the year	3,515	(620)	-	2,895
Other comprehensive (expenses)/income for the year	3,515	(620)	-	2,895
Total comprehensive (expenses)/income for the year	2,559	(620)	-	1,939

Black Cat Fireworks Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

1. Principal accounting policies (continued)

Statement of financial position as at 31 December 2018 - restatement

	Original 2018 £'000	Prior year adjustment £'000	IFRS 16 adjustment £'000	Restated 2018 £'000
Fixed assets				
Intangible assets	19	-	-	19
Property, plant and equipment	390	-	-	390
Right of use assets	-	-	39	39
Investments	1	-	-	1
	410	-	39	449
Current assets				
Stocks	2,279	-	-	2,279
Debtors	1,520	-	-	1,520
Cash at bank and in hand	11,691	-	-	11,691
	15,490	-	-	15,490
Creditors: amounts falling due within one year	(11,031)	-	(14)	(11,045)
Net current assets	4,459	-	(14)	4,445
Total assets less current liabilities	4,869	-	25	4,894
Creditors: amounts falling due after more than one year	-	-	(25)	(25)
Net assets excluding post-employment benefits		-	-	4,869
Post-employment benefits	(1,162)	(620)	-	(1,782)
Net assets	3,707	(620)	-	3,087
Capital and reserves				
Called up share capital	15,500	-	-	15,500
Capital redemption reserve	9	-	-	9
Profit and loss account	(11,802)	(620)	-	(12,422)
Total shareholders' funds	3,707	(620)	-	3,087

Black Cat Fireworks Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

1. Principal accounting policies (continued)

Group financial statements

The financial statements contain information about Black Cat Fireworks Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 401 (for non-EEA parents) of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it, and its subsidiary undertakings, are included by full consolidation in the consolidated financial statements of its parent, Li & Fung Limited, a company incorporated in Bermuda.

Cash flow statement and related party transactions

The company is a wholly owned subsidiary of Golden Horn NV and is included in the consolidated financial statements of Li & Fung Limited, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (Revised 1996) 'Cash flow statements'. The company is also exempt under the terms of IAS24 'Related party disclosures' from disclosing related party transactions with entities that are part of the Li & Fung Limited group or investees of Li & Fung Limited group.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the end of the financial year. Transactions in foreign currencies are translated into sterling at rates of exchange ruling at the date of the transactions. All foreign exchange differences are taken to the profit and loss account in the year in which they arise.

Intangible assets

Computer software and system development costs

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over the estimated useful lives of 3 to 10 years.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Costs include the employee costs incurred as a result of developing software and an appropriate proportion of relevant overheads.

System developments costs recognised as assets are amortised over their estimated useful lives of 3 to 10 years and is charged through administrative expenses in the income statement.

Property, plant and equipment

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of fixed assets, less their estimated residual values, on a straight-line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

	%
Fixtures, fittings and office equipment	15 – 33.3
Plant and machinery	10 – 50
Motor vehicles	20

Depreciation is charged within administrative expenses in the income statement.

Black Cat Fireworks Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

1. Principal accounting policies (continued)

Leases

The company has adopted IFRS 16 Leases retrospectively from 1 January 2018 and has restated comparatives for the 2018 reporting period. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2018.

On adoption of IFRS 16, the company recognised right of use assets and lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases.

Leased assets

Leased assets are capitalised at the commencement date of the lease and comprise the initial lease liability amount, initial direct costs incurred when entering into the lease, less any lease incentives. Subsequently, an impairment review is undertaken for any right of use asset that shows indicators of impairment and an impairment loss is recognised against any right of use assets that are impaired.

Lease liabilities

The lease liability is measured at the present value of the fixed and variable lease payments net of cash lease incentives that are not paid at the balance sheet date. Lease payments are apportioned between the finance charges and reduction of the lease liability using the incremental borrowing rate implicit in the lease to achieve a constant rate of interest on the remaining liability. Lease payments for buildings exclude service fees for cleaning and other costs.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is determined on a weighted average price method. Provision is made where necessary for obsolete, slow moving and defective stocks.

Turnover

Turnover, which excludes Value Added Tax and trade discounts, represents the invoiced value of goods and services supplied, recognised under a sale or return agreement.

Other operating income

Other operating income represents rental income for storage cabinets and on site properties and is recognised in the period in which the income is earned.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Black Cat Fireworks Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

1. Principal accounting policies (continued)

Pension costs – defined contribution

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge disclosed in note 19 represents contributions payable by the company to the fund.

Pension costs – defined benefit

The company operates a defined benefit pension scheme for the benefit of its employees, the assets of which are held separately from those of the company in independently administered funds.

Pension scheme assets are measured using market value. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent terms and currency to the liability. The increase in the present value of the liabilities of the Group's defined benefit pension schemes expected to arise from employee service in the period is charged to operating profit. The expected return on the schemes' assets and the increase during the year in the present value of the schemes' liabilities arising from the passage of time are included in other finance income. Actuarial gains and losses are recognised in the statement of total recognised gains and losses. Pension schemes' surpluses, to the extent that they are considered recoverable, or deficits are recognised in full and presented on the face of the balance sheet net of the related deferred tax.

Share based compensation

Certain employees of the company along with other group employees have been granted awards over the shares in Li & Fung Limited. The company recognises a share-based payment expense based on the fair value of the awards granted, and an equivalent credit directly in equity as a capital contribution, on a straight-line basis over the vesting period. On vesting of the shares, the company is charged the intrinsic value of the shares by Li & Fung Limited. This amount is treated as a reduction of the capital contribution and is recognised directly in equity.

Capital redemption reserve

The capital redemption reserve arose on the accounting for share based compensation.

Investments

Fixed asset investments are included at cost less any provision for impairment.

Critical accounting estimates and assumptions

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below.

Sale and returns policy

All goods/fireworks are sold on a sale or return basis for major customers. At year end the accruals for goods still to be returned and credited are based on either an actuals basis, ie, all goods have been receipted back from the customer, or on an estimated basis. The estimation is calculated using Epos sales data supplied by the customer and reconciled against the amount of goods sent out from the company to the customer. The difference is the expected amount of goods to be returned. Historic accruals show that the level of estimation is usually accurate with little deviation.

Black Cat Fireworks Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

1. Principal accounting policies (continued)

Critical accounting estimates and assumptions (continued)

Impairment of trade receivables

The company makes an estimate of the recoverable value of trade and other debtors. When assessing the impairment of trade and other receivables, management considers factors including the credit rating of the receivable, the ageing profile of receivables and historical experience.

Pension obligations

The Company operates a defined benefit pension scheme for which actuarial valuations are carried out as determined by the trustees at intervals of not more than three years. The pension cost under IAS 19 is assessed in accordance with Directors' best estimates using the advice of an independent qualified actuary and assumptions in the latest actuarial valuation. The assumptions are based on information supplied to the actuary, supplemented by discussions between the actuary and management. The principal assumptions used to measure schemes' liabilities, sensitivities to changes in assumptions and future funding obligations are set out in note 20 of the financial statements.

2. Turnover

The turnover for the year is generated entirely from the company's principal activity and arises from sales made in the United Kingdom.

3. Directors' emoluments

None of the directors received emoluments in respect of services to the company (2018: none).

4. Employee information

The average monthly number of persons (including executive directors) employed by the company during the year was:

	2019 Number	2018 Number
Selling and distribution	20	21
Administration	2	2
	22	23

The aggregate payroll costs for those persons were as follows:

	2019 £'000	2018 £'000
Wages and salaries	807	816
Social security costs	74	70
Other pension costs (note 23)	28	28
	909	914

5. Finance income

	2019 £'000	2018 £'000
Expected returns related to pensions (note 23)	236	220

Black Cat Fireworks Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

6. Finance cost

	2019	Restated 2018
	£'000	£'000
On bank overdrafts	(48)	(48)
Lease liability interest	(5)	(1)
Net interest costs relating to pensions (note 23)	(262)	(322)
	(315)	(371)

7. Loss before taxation

	2019	Restated 2018
	£'000	£'000
Loss before taxation is stated after charging:		
Amortisation (note 9)	9	9
Depreciation of owned tangible fixed assets (note 10)	220	240
Depreciation of right of use assets (note 11)	229	22
Services provided by the company's auditors		
- Fees payable for audit	22	22
- Fees payable for other services – tax compliance	7	7

8. Tax on loss

	2019	2018
	£'000	£'000
Current tax		
UK Corporation tax on loss for the year at 19% (2018: 19%)	-	-
Adjustment in respect of previous periods	2	25
Total current tax	2	25
Total tax in the income statement	2	25

Black Cat Fireworks Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

8. Tax on loss (continued)

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

	2019 £'000	2018 £'000
Loss before taxation	(857)	(931)
Loss before taxation multiplied by standard rate in the UK of 19% (2018: 19%)	(163)	(177)
Effects of:		
Expenses not deductible	9	3
Income not taxable	-	(4)
Investment impairment not deductible	-	196
Adjustment in respect of previous periods	2	25
Other timing differences	(27)	27
Amounts not recognised	181	(45)
Total tax in the income statement	2	25

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate, to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020. As the proposal to keep the rate at 19% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would neither reduce nor increase the tax expense for the period, nor cause an increase or decrease to recognised deferred tax assets or liabilities.

Black Cat Fireworks Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

9. Intangible Assets

	Software £'000
Cost	
At 1 January 2019	110
Additions	1
At 31 December 2019	111
Accumulated Depreciation	
At 1 January 2019	91
Charge for the year	9
At 31 December 2019	100
Net book value	
At 31 December 2019	11
At 31 December 2018	19

10. Property, plant and equipment

	Plant and machinery £'000	Motor vehicles £'000	Fixtures, fittings and office equipment £'000	Total £'000
Cost				
At 1 January 2019	1,920	23	115	2,058
Additions	7	8	2	17
At 31 December 2019	1,927	31	117	2,075
Accumulated Depreciation				
At 1 January 2019	1,555	17	96	1,668
Charge for the year	208	5	7	220
At 31 December 2019	1,763	22	103	1,888
Net book value				
At 31 December 2019	164	9	14	187
At 31 December 2018	365	6	19	390

Black Cat Fireworks Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

11. Right of use assets

	Land & Buildings £'000	Other £'000	Total £'000
Cost or Valuation			
At 1 January 2019	-	66	66
Additions	207	-	207
At 31 December 2019	207	66	273
Depreciation			
At 1 January 2019	-	27	27
Charge for the year	207	22	229
At 31 December 2019	207	49	256
Net book value			
At 31 December 2019	-	17	17
At 31 December 2018	-	39	39

12. Investments

	£'000
Cost	
At 1 January 2019 and 31 December 2019	1,035
Impairment	
At 1 January 2019 and 31 December 2019	1,034
Net book value	
At 31 December 2019	1
At 31 December 2018	1

The investment relates to 100% of the issued ordinary share capital of Comet Fireworks GmbH, a company incorporated in Germany. Their principal activity is the distribution of pyrotechnics.

Comet Fireworks GmbH's registered address is Uberseering 22, 27580 Bremerhaven, Germany.

Black Cat Fireworks Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

13. Stocks

	2019	2018
	£'000	£'000
Finished goods and goods for resale	2,319	2,279

The cost of inventories recognised as an expense and included in cost of sales in the income statement amounted to £2,761,000 (2018: £3,775,000). In addition, £256,000 (2018: £401,000) has been credited through cost of sales in relation to stock provision movements in the year.

14. Debtors

	2019	2018
	£'000	£'000
Amounts falling due within one year		
Trade debtors	70	1,061
Prepayments and accrued income	377	459
	447	1,520

During the year the company continued to sell certain debts on a non-recourse basis. This arrangement, which was previously with HSBC, was changed to Postbank in December 2019. At 31 December 2019, the company derecognised those trade debtors where substantially all of the risk has been transferred to the bank, amounting to £1,560,000 (2018: £9,370,000).

15. Creditors: amounts falling due within one year

	2019	Restated 2018
	£'000	£'000
Trade creditors	22	232
Amounts owed to related party undertakings	88	-
Amounts owed to group undertakings	239	113
Taxation and social security costs	344	684
Group relief payable	2	25
Lease liabilities	10	14
Accruals and deferred income	1,357	9,977
	2,062	11,045

Timing of debt factoring receipts resulted in a lower accruals and deferred income balance, and cash balance, as at 31 December 2019. Lease liabilities are discounted using the interest rates implicit in the relevant leases.

Black Cat Fireworks Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

16. Creditors: amounts falling due after more than one year

	2019 £'000	Restated 2018 £'000
Lease liabilities	7	25

Lease liabilities are discounted using the interest rates implicit in the relevant leases.

17. Deferred tax

The company has not recognised a deferred tax asset (2018: £nil) as there are significant doubts as to whether the company is able to utilise deferred tax of £1,750,000 (2018: £1,590,000) in future years. The deferred taxation asset position is analysed as follows:

	Amount unrecognised		Amount recognised	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Excess of capital allowances over depreciation	425	387	-	-
Asset relating to pension liability	222	198	-	-
Unutilised losses carried forward	1,103	1,005	-	-
	1,750	1,590	-	-

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate, to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020. As the proposal to keep the rate at 19% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would increase the unrecognised deferred tax assets by £256,000.

18. Share based payments

Certain employees of the company, along with other group employees, have been granted awards over shares in Li & Fung Limited. The awards vest in tranches from December 2015 to December 2021. Awards for 22,100 (2018:16,600) shares vested in relation to employees of Black Cat Fireworks Limited during the year.

The company recognises a share-based payment expense based on the fair value of the awards granted, and an equivalent credit directly in equity as a capital contribution, on a straight-line basis over the vesting period. During the year, £6,000 (2018: £7,000) has been charged through the income statement in respect of share awards granted.

On vesting of the shares, the company is charged the intrinsic value of the shares by Li & Fung Limited. This amount, £8,000 (2018: £8,000) is treated as a reduction of the capital contribution and is recognised directly in equity. The net amount recognised through equity in the year is therefore £2,000 debit (2018: £1,000 debit).

Black Cat Fireworks Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

18. Share based payments (continued)

9,267 (2018: 5,374) share awards were exercised in the year at a price of HK\$ 1.2032 (2018: HK\$ 4.1643) per share. Vested share awards outstanding at the end of the year are as follows:

Grant- vest	2019 Share awards Number	2018 Share awards Number
2015-2015	3,238	3,238
2015-2016	3,076	3,076
2015-2017	4,626	4,626
2015/2017-2018	7,333	16,600
2015/2017/2018-2019	22,100	-

On 26 May 2020, Li & Fung Limited was delisted from the Hong Kong stock exchange by way of a privatisation arrangement. Under the Share Award Scheme Rules, when there is a privatisation, the Li & Fung Limited board shall in its sole discretion determine whether the vesting dates of any Share Awards are accelerated. The Li & Fung Limited Board decided to accelerate the vesting of all unvested Share Awards on 26 May 2020, the effective date of privatisation. Accordingly, it is expected that the Company will be recharged for all previously uncharged share awards during the year ending 31 December 2020.

19. Called up share capital

	2019 £'000	2018 £'000
Allotted, called up and fully paid		
15,500,000 (2018: 15,500,000) ordinary shares of £1 each	15,500	15,500

20. Lease Liabilities

At 31 December 2019 the company has included lease liabilities in creditors, expiring as follows:

	Other		Land and buildings	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Creditor amounts falling due within one year (note 15)	10	14	-	-
Creditor amounts falling due after more than one year (note 16)	7	25	-	-
	17	39	-	-

The company rents property on a one year rolling lease which renews in December each year.

21. Capital commitments

The company had no capital commitments contracted but not provided for as at 31 December 2019 (2018: £nil).

Black Cat Fireworks Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

22. Contingent liabilities

The company, together with certain other group companies, participates in a pooled net overdraft facility with HSBC, which offsets cash and overdraft balances and which has a net pooled overdraft limit of £25,000,000 (2018 £55,000,000).

In the event that the pooled facility is in a net overdraft position, under several guarantees all participating companies are liable for the settlement of the overdraft amount, giving rise to a contingent liability for all the participating companies.

As at 31 December 2019, the pooled net facility had a pooled cash balance of £58,518,000 (2018 pooled cash of £49,396,000,000), resulting in a contingent liability for the company of £nil (2018 £nil).

There is a guarantee in favour of HMRC for £240,000 as security over the VAT liability.

23. Post-employment benefits

Defined contribution scheme

The company made contributions amounting to £28,000 (2018: £28,000) to a defined contribution scheme in the year. At the year-end the pension creditor amounted to £4,000 (2018: £4,000).

Defined benefit scheme

The company makes deficit contributions to the Standard Fireworks 1992 Pension Scheme which is a defined benefit scheme and which is closed to future accruals.

The total net pension cost of the Standard Fireworks 1992 defined benefit scheme was £nil (2018: £nil). The cost is assessed in accordance with the advice of Deloitte, consulting actuaries.

The latest actuarial valuation of the scheme was performed as at 31 March 2019 using the projected unit method. The principal assumptions adopted in the valuation as at 31 March 2019 were that, over the long term, the investment return would be 2.5% per annum to retirement and 1.9% per annum thereafter, the rate of RPI increase would be 3.4% per annum and the rate of pension increase would be 3.25%.

At the date of the latest actuarial valuation, the market value of the assets of the scheme was £10,248,000 and the actuarial value of these assets was sufficient to cover 88% of the benefits that had accrued to members. The company is making deficit contributions to the Scheme under an agreed recovery plan.

Up until the year ended 31 December 2013 the company accounted for its pension scheme in accordance with FRS 17 Retirement Benefits. Following the adoption of FRS 101, with an effective date of conversion of 1 January 2014, the company now accounts for its pension scheme in accordance with IAS 19.

The pension liability detailed below is calculated using the value of the scheme assets as at 31 December 2019 and using scheme liabilities that have been updated from those at 31 March 2016 by a qualified actuary using the projected unit method.

Assumptions used for the valuation	2019	2018
Discount rate: pre and post retirement	1.9%	2.6%
Inflation assumption	3.3%	3.4%
Rate of increase of salaries	n/a	n/a
Rate of increase of pensions in payment	3.3%	3.4%

Black Cat Fireworks Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

23. Post-employment benefits (continued)

The mortality assumptions used were as follows:

	2019 Years	2018 Years
Longevity at age 65 for current pensioners		
- Men	20	21
- Women	23	24
Longevity at age 65 for future pensioners (aged 45 now)		
- Men	22	23
- Women	24	26

The mortality assumptions are calculated using 120% of the 'SAPS S3' (2018: 'SAPS S2') base tables with the CMI 2018 (2018: CMI 2015) model for mortality improvements and a long term rate of 1.25% (2018: 1.5%).

The assets in the scheme and their expected rates of return were:

	Value at 31 December 2019 £'000	Restated Value at 31 December 2018 £'000
Equities	4,464	2,995
Bonds	5,427	5,857
Other	446	635
Total market value of assets (below)	10,337	9,487
Present value of scheme liabilities (below)	(11,643)	(11,269)
Net pension deficit	(1,306)	(1,782)

No related deferred tax asset has been recognised given the uncertainty over its realisation, in accordance with the company's accounting policy (note 17).

Reconciliation of fair value of scheme assets

	2019 £'000	2018 £'000
1 January	9,487	10,220
Return on assets less interest	844	(656)
Administration expenses	(100)	(61)
Interest income	236	220
Contributions paid by employer	248	240
Benefits paid	(378)	(476)
31 December	10,337	9,487

Black Cat Fireworks Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

23. Post-employment benefits (continued)

Reconciliation of present value of scheme liabilities

	2019 £'000	Restated 2018 £'000
1 January	(11,269)	(14,832)
Interest cost	(262)	(322)
Benefits paid from plan assets	378	476
Past service cost	-	(142)
Actuarial (loss)/gain on liabilities	(490)	3,551
31 December	(11,643)	(11,269)

An analysis of amounts credited/(charged) to profit and loss is as follows:

	2019 £'000	2018 £'000
Past service cost	-	(142)
Administration expenses	(100)	(61)
Interest on pension scheme assets (note 5)	236	220
Interest on pension scheme liabilities (note 6)	(262)	(322)
Total	(126)	(305)

An analysis of amounts credited/(charged) through the statement of comprehensive income is as follows:

	2019 £'000	Restated 2018 £'000
Return on assets less interest	844	(656)
Actuarial (loss)/gain on scheme liabilities	(490)	3,551
Total	354	2,895

24. Related party transactions

The company has taken advantage of the exemption allowed by IAS24 'Related Party Transactions', not to disclose any transactions with entities that are included in the consolidated financial statements of Li & Fung Limited.

During the year the company received IT, HR and other services from a related party undertaking, Fung Corporate Services Group (UK) Limited ("FCSG UK"). Up to 31 December 2018 these services were provided by a fellow group undertaking. The value of services provided by FCSG UK during the year amounted to £88,000 (2018: £nil) and this amount (2018: £nil) remained outstanding as at 31 December 2019 and is included within Creditors: Amounts falling due within one year.

Black Cat Fireworks Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

25. Post balance sheet events

On 11 March 2020, the World Health Organisation declared the Covid-19 outbreak a pandemic. Since then, the outbreak of Coronavirus has had a major impact on the economy, individuals and the demand for products.

The Directors have reviewed the potential effect of Coronavirus on the company and have taken appropriate actions to mitigate the impacts. Central Government support has been obtained including the furlough scheme and the VAT deferment scheme. Detailed risk assessments have been undertaken to minimise the risk of an outbreak in the company.

Covid-19 affected the amount of stock that was shipped to us from China. Large scale bonfire night firework displays were cancelled due to Covid-19, but families were still able to celebrate on a smaller scale under the lockdown measures in place. Although limited to an extent by the lower stock levels, this resulted in higher than expected sales to all customers. In Wales there was a temporary ban on fireworks, but this was lifted in time for our peak selling week.

We are forecasting for a repeat of this trend during our new year selling period.

On 27 May 2020, the company's ultimate parent and controlling party was delisted from the Hong Kong Stock Exchange (note 26).

These are non-adjusting events for the company's financial statements for the year ended 31 December 2019.

26. Ultimate parent undertaking and controlling party

The directors regard Golden Horn NV, a company incorporated in the Netherlands Antilles, as the company's immediate parent company and Li & Fung Limited, a company incorporated in Bermuda, as the ultimate parent company and controlling party. Li & Fung Limited is registered on the Hong Kong stock exchange and copies of the financial statements may be obtained from its website (www.lifunggroup.com) or from the principal place of business, 11th floor, LiFung Tower, 888 Cheung Sha Wan Road, Kowloon, Hong Kong. Li & Fung Limited heads the smallest and largest group to consolidate these financial statements.

Post year end privatisation of ultimate parent undertaking and controlling party Li & Fung Limited

On 20 March 2020, Golden Lincoln Holdings I Limited (the "Acquirer") and Li & Fung Limited issued a joint announcement that the entire share capital of Li & Fung Limited would be cancelled and replaced by newly issued shares to the Acquirer. Li & Fung Limited would then become a wholly owned subsidiary of the Acquirer, which itself is a whole-owned subsidiary of Golden Lincoln Holdings II Limited.

The Proposed Acquisition was approved by Li & Fung Limited's shareholders in a Special General Meeting on 12 May 2020 and completed on 26 May 2020.