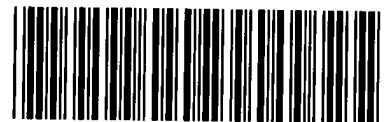


**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019
FOR
SIGMA ASL LIMITED**

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DIRECTORS:

A J Elliott
J A Elliott
S Bhattacharji
V J Pais
S Y Kim

REGISTERED OFFICE:

Ground Floor Progress House
41 Progress Road
Eastwood
Leigh on Sea
Essex
SS9 5PR

REGISTERED NUMBER:

02913195 (England and Wales)

AUDITORS:

DPC Accountants Ltd
Chartered accountants & statutory auditors
Stone House
Stone Road Business Park
Stoke-On-Trent
ST4 6SR

BANKERS:

HSBC Bank Plc
70 Pall Mall
London
SW1Y 5EZ

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

The company's activities continued to be the supply of components for use in the manufacture of automotive parts. 1% of sales were in the UK, 10% in Europe and 89% in the Rest of the World, predominantly the USA and Mexico.

REVIEW OF BUSINESS

The directors are pleased to report sales for the period to December 2019 of \$57.4m (9 month period to December 2018: \$57.3m)

The business posted a pre-tax profit of \$0.7m (9 month period to 31 December 2018: \$0.8m).

In last year's strategic report we alluded to the softening of various sales markets, in particular China, arising from the imposition of tariffs between China and the US and the resultant trade war. This has accounted for most of the reduction in sales on a full year basis when compared to 2018.

During 2020, Sigma ASL Limited continued to see lower sales, particularly during April and May, this time due to manufacturing plant closures of our customers in the NAFTA and EU regions as a result of Covid-19 control measures. Despite this the company has continued to achieve a breakeven EBITDA position and gradually improving sales levels month by month.

Despite the global challenges experienced during 2020, the directors remain very positive about the future due to the current strategy adopted by the business to move into more profitable business sectors such as aerospace, eMobility applications and structural components for electric vehicles. Development is now completed for a number of new projects, all of which are being launched progressively between now and Q1 2021.

The business considers environmental factors such as air pollution and global warming when developing its product strategy. Therefore, the company has directed its focus into the design and supply of highly complex products manufactured from lighter materials and has expanded its scope to include other technologies and industrial sectors. The lower volume and diverse nature of the requirements of some of these industries is seen as an effective counterbalance to the high volume nature of the majority of the company's business. The directors are therefore confident that the business has the strategies in place to ensure that the current and future product ranges supplied by the business are sustainable.

In addition to the new product introductions, the NAFTA truck market, which dictates levels of sales for much of our current business, is predicted by industry experts to perform well in 2021, with significant increase over 2020 levels of production.

Overall, the company considers that its decision to diversify significantly into niche markets requiring the supply of complex castings with precision machining, has already proved to be successful, evidenced by receipt of orders for complex products from the worlds leading Tier One manufacturers who supply to the largest and most influential OEMs in the world.

This is considered by the company to be a very early endorsement of its culture of innovation, improvement, close collaboration with customers and manufacturing partners alike and a determination to position itself at the leading edge in the face of traditional competition and to maintain and grow that position. Sigma ASL has already assembled a team of specialist resources to advise on the strategy and execution required to attain and retain and maintain this position. We also believe that this culture is recognised by our major customers and demonstrated by the fact that Sigma ASL has received a Global Premier Supplier Award from one of its major customers in 5 of the last 7 years.

The intercompany loan balance due from SCP now stands at \$14.2m. Interest is charged on the loan at LIBOR + 3.5%. Repayment of the loan will begin in financial year ending 31 December 2021 and the loan will be fully repaid by 31 December 2039, in accordance with the loan repayment schedule and SCP sales and cashflow forecasts

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

PRINCIPAL RISKS AND UNCERTAINTIES

There are a range of economic and geopolitical risks and uncertainties facing the industry. These include Covid-19, global commodity prices, the evolution of electric vehicles and geopolitical issues such as Brexit. These risks are subject to regular review and where appropriate strategic plans for the business are revised and developed to minimise the level of exposure to the business. The directors undertake a monthly update to a rolling 4 year forward view of its business. These projections support the view of the directors, who remain very optimistic with regard to the medium and long term business growth and corresponding profitability of the company.

RESULTS AND KEY PERFORMANCE INDICATORS

The turnover for the year was \$57.4m (FY 31.12.2018: \$57.3m) and profit after tax for the year amounted to \$0.7m (FY31.12.18: Profit \$0.7m).

The directors utilise a number of key performance indicators to enable a consistent method of analysing and monitoring performance. The key performance indicators utilised by the directors (as well as those mentioned above) include; EBITDA \$1.7m (FY 31.12.2018: \$2.4m), debtor days 52 (FY 31.12.2018: 56), stock days 93 (FY 31.12.2018: 83) and creditor days 161 (FY 31.12.2018: 150).

The employee headcount decreased during the year by 6 to 25 (FY 31.12.2018: 31).

FINANCIAL RISK MANAGEMENT

Credit risk is addressed by carrying out regular checks of our customers with a reputable credit risk agency and holding a provision for doubtful debts on the balance sheet. Foreign currency transactions are managed on a daily basis to ensure the company's exposure is minimised.

OPERATING EXPENSES

Operational expenses are monitored continually against budgeted amounts for each expense category and the directors are satisfied that the business continues to demonstrate strong cost control and caution in its decision making.

WORKING CAPITAL


The group meets its day to day working capital requirements through finance facilities provided by its bank and cash receipts from customers. These are closely monitored to ensure adherence to agreed credit terms. Stock is regularly reviewed to ensure that the valuation is in line with UK accounting standards and is deemed recoverable. Any obsolete stock that is identified is fully provided for within these financial statements. After the preparation of a detailed income statement and cashflow forecast for the company, the directors expect that Sigma ASL Limited has adequate resources to continue to trade as a going concern for the foreseeable future.

It must be noted that the working capital requirements of the company are not dependant on the repayment of the loan from SCP.

COMPETITIVE ADVANTAGE

The company strives to continuously improve its competitive advantage by working with its customers to provide innovative programs which deliver cost savings by introducing the latest designs and technologies. This enables our customers to best position themselves in the market, resulting in mutual benefit and growth.

ON BEHALF OF THE BOARD:



.....
A J Elliott - Director

Date:21/12/2020.....

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2019.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2019 to the date of this report.

A J Elliott
J A Elliott
S Bhattacharji
V J Pais
S Y Kim

DISCLOSURE IN THE STRATEGIC REPORT

The company has, in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 set out in the company's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. The strategic report can be found on pages 2-4 of the financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 '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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2019**

AUDITORS

The auditors is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

ON BEHALF OF THE BOARD:



.....
A J Elliott - Director

Date: 21/12/2020
.....

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SIGMA ASL LIMITED

Qualified Opinion

We have audited the financial statements of Sigma ASL Limited (the 'company') for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Notes to the Financial Statements, 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, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, 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 period 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 qualified 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 UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our basis for qualified opinion is noted below:

The company has a loan balance due from a fellow subsidiary, Sigma Commercial Products Limited, of \$14,259,788 as at 31 December 2019. This loan is shown in note 14 as due after more than one year and the terms of the loan and the financial position of Sigma Commercial Products Limited are detailed in that note. We were unable to obtain sufficient appropriate audit evidence about the recoverability of the loan as at 31 December 2019 because of the reliability of forecasting the profits of the fellow subsidiary over the period of the loan and the ability of the that company to make the loan payments as they fall due.

Consequently, we were unable to determine what adjustments, if any, were necessary to the amount of loan debtor.

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.

Emphasis of matter

In forming our opinion, we have considered the adequacy of the disclosures concerning the company's ability to continue as a going concern in Note 3 to the financial statements. We draw attention to Note 3 which describes the effects of the Covid-19 pandemic on the current accounting period's operations. Note 3 also outlines the directors' expectations for 2021 which indicate that the company will see an increase in demand for existing products and an income stream from a new product which has been under development this year, coupled with cost savings to improve cash flow. Our opinion is not modified in this respect.

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors 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 Report of the Directors.

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, 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 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 a Report of the Auditors 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 Report of the Auditors.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
SIGMA ASL LIMITED**

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Valerie Wood (Senior Statutory Auditor)
for and on behalf of DPC Accountants Ltd
Chartered accountants & statutory auditors
Stone House
Stone Road Business Park
Stoke-On-Trent
ST4 6SR

Date: 22nd December 2020

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

		Year Ended 31.12.19 \$	Period 1.4.18 to 31.12.18 \$
	Notes		
TURNOVER	4	57,574,502	57,272,487
Cost of sales		(53,290,851)	(52,275,483)
GROSS PROFIT		4,283,651	4,997,004
Administrative expenses		(4,668,826)	(4,266,780)
		(385,175)	730,224
Other operating income		180,000	-
OPERATING (LOSS)/PROFIT	6	(205,175)	730,224
Interest receivable and similar income		649,734	369,037
		444,559	1,099,261
Gain/loss on revaluation of tangible assets		509,000	-
		953,559	1,099,261
Interest payable and similar expenses	8	(211,660)	(302,406)
PROFIT BEFORE TAXATION		741,899	796,855
Tax on profit	9	(1,934)	(50,286)
PROFIT FOR THE FINANCIAL YEAR		739,965	746,569
OTHER COMPREHENSIVE INCOME			
Revaluation of tangible assets		509,000	-
Transfer to undistributable reserves		(509,000)	-
Income tax relating to components of other comprehensive income		-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		739,965	746,569

The notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2019

	Notes	31.12.19 \$	31.12.18 \$
FIXED ASSETS			
Intangible assets	10	399,999	-
Tangible assets	11	62,713	15,625
Investments	12	979,318	441,622
		<u>1,442,030</u>	<u>457,247</u>
CURRENT ASSETS			
Stocks	13	11,752,379	15,939,036
Debtors: amounts falling due within one year	14	8,874,872	12,874,512
Debtors: amounts falling due after more than one year	14	14,259,788	13,920,070
Cash at bank and in hand		528,107	897,660
		<u>35,415,146</u>	<u>43,631,278</u>
CREDITORS			
Amounts falling due within one year	15	(28,638,668)	(36,960,231)
NET CURRENT ASSETS		<u>6,776,478</u>	<u>6,671,047</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		8,218,508	7,128,294
CREDITORS			
Amounts falling due after more than one year	16	(350,249)	-
NET ASSETS		<u>7,868,259</u>	<u>7,128,294</u>
CAPITAL AND RESERVES			
Called up share capital	20	2,082,679	2,082,679
Undistributable reserves	21	509,000	-
Retained earnings	21	5,276,580	5,045,615
SHAREHOLDERS' FUNDS		<u>7,868,259</u>	<u>7,128,294</u>

The financial statements were approved by the Board of Directors and authorised for issue on21/12/2020..... and were signed on its behalf by:



.....
A J Elliott - Director

The notes form part of these financial statements

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

	Called up share capital \$	Retained earnings \$	Undistributable reserves \$	Total equity \$
Balance at 1 April 2018	2,082,679	4,299,046	-	6,381,725
Changes in equity				
Total comprehensive income	-	746,569	-	746,569
Balance at 31 December 2018	2,082,679	5,045,615	-	7,128,294
Changes in equity				
Total comprehensive income	-	230,965	509,000	739,965
Balance at 31 December 2019	2,082,679	5,276,580	509,000	7,868,259

The notes form part of these financial statements

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

1. STATUTORY INFORMATION

Sigma ASL Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the US Dollar (\$).

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

3. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A.

Significant judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

(i) Estimated useful lives and residual values of fixed assets

As described in notes to the financial statements, depreciation of tangible fixed assets has been based on estimated useful lives and residual values deemed appropriate by the directors. Estimated useful lives and residual values are reviewed annually and revised as appropriate. Revisions take into account estimated useful lives used by other companies operating in the sector and actual asset lives and residual values, as evidenced by disposals during the current and prior accounting periods.

(ii) Provisions

Provision is made for obsolete and slow moving stock. These provisions require management's best estimate of net realisable values.

3. ACCOUNTING POLICIES - continued**Going concern**

The company has made a profit after tax of \$0.74m in the financial year to 31 December 2019. Following the end of the reporting period the company has experienced lower sales levels but has continued to achieve a breakeven EBITDA position. The company has the continued support of its bankers and remains in a positive reserves position. In addition, the company has managed its cash flow position effectively and has met all obligations as they have fallen due since the end of the reporting period. The directors believe this is sufficient for the company to continue to trade for the foreseeable future. Accordingly, the accounts have been prepared on a going concern basis. Covid-19 has impacted sales during the financial year to 31 December 2020, particularly during April and May due to manufacturing plant closures across the NAFTA and EU regions. EBITDA for the next 12 months is forecasted at \$1.2m. Bank facilities and bank support are expected to remain in line with that received during 2019 and 2020, but with reduced usage of the current invoice financing facility in favour of a more cost effective invoice discounting facility providing enhanced cash flow management options. Mitigating the impact of the April and May shutdowns of OEM manufacturing facilities in the NAFTA region, we are already seeing a recovery in the NAFTA truck market and also production beginning early in 2021 of a newly launched electric vehicle for which we supply components. These factors combined with an increased level of demand across the supercharger programs we support means that the business is well positioned for a profitable 2021.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the company and value added taxes.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Development costs are being amortised evenly over their estimated useful life based on the sales lifecycle of each project. Amortisation is charged from the date economic benefits are realised by the company.

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

3. ACCOUNTING POLICIES - continued**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Short leasehold	- straight line over the life of the lease
Plant and machinery	- 12.5% straight line
Fixtures and fittings	- 25% straight line
Motor vehicles	- 25% straight line

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

Investments in associates

Investments in associate undertakings are recognised at cost.

Investments in associates accounted for in accordance with the cost model are recorded at cost less any accumulated impairment losses. Dividends and other distributions received from the investment are recognised as income without regard to whether the distributions are from accumulated profits of the associate arising before or after the date of acquisition.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

3. **ACCOUNTING POLICIES - continued**

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Financial instruments are measured initially and subsequently at fair value.

Cash flows arising on derivative instruments used to hedge the company's exposure to transactions in foreign currencies are recognised in the income statement when the hedged transaction takes place.

Corporation tax

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

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

3. ACCOUNTING POLICIES - continued

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Exceptional items

Exceptional items are disclosed separately in the financial statements in order to provide further understanding of the financial performance of the entity. They are material items of income or expense that have been shown separately because of their nature or amount.

4. TURNOVER

The turnover and profit before taxation are attributable to the principal activities of the company.

An analysis of turnover by geographical market is given below:

	Year Ended 31.12.19 \$	Period 1.4.18 to 31.12.18 \$
United Kingdom	1,381,744	391,423
Europe	5,259,380	8,232,655
Rest of the World	50,933,378	48,648,409
	<u>57,574,502</u>	<u>57,272,487</u>

5. EMPLOYEES AND DIRECTORS

	Year Ended 31.12.19 \$	Period 1.4.18 to 31.12.18 \$
Wages and salaries	1,272,600	1,358,785
Social security costs	249,533	206,339
Other pension costs	8,110	5,573
	<u>1,530,243</u>	<u>1,570,697</u>

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

5. EMPLOYEES AND DIRECTORS - continued

The average number of employees during the year was as follows:

	Year Ended 31.12.19	Period 1.4.18 to 31.12.18
Directors, management and staff	14	16
Korea office	13	14
	<u>27</u>	<u>30</u>

	Year Ended 31.12.19	Period 1.4.18 to 31.12.18
	\$	\$
Directors' remuneration	<u>234,221</u>	<u>200,289</u>

Information regarding the highest paid director is as follows:

	Year Ended 31.12.19	Period 1.4.18 to 31.12.18
	\$	\$
Emoluments etc	<u>121,907</u>	<u>107,202</u>

6. OPERATING PROFIT

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

	Year Ended 31.12.19	Period 1.4.18 to 31.12.18
	\$	\$
Depreciation - owned assets	14,794	9,109
Auditor's remuneration	35,103	18,712
Foreign exchange differences	<u>(68,700)</u>	<u>(30,573)</u>

7. EXCEPTIONAL ITEMS

	Year Ended 31.12.19	Period 1.4.18 to 31.12.18
	\$	\$
Exceptional items	<u>-</u>	<u>137,499</u>

During the previous year, the company has written off a group company balance due from Sigma ASL Logistics Limited of \$nil (2019: \$35,052). The company received exceptional bank interest during the previous year of \$Nil (2019: \$102,477)

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

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	Year Ended 31.12.19	Period 1.4.18 to 31.12.18
	\$	\$
Bank interest	1,862	1,584
Factoring interest	188,055	279,116
Other interest payable	21,743	21,706
	<u>211,660</u>	<u>302,406</u>

9. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	Year Ended 31.12.19	Period 1.4.18 to 31.12.18
	\$	\$
Current tax:		
UK corporation tax	-	50,286
period	<u>1,934</u>	<u>-</u>
Tax on profit	<u>1,934</u>	<u>50,286</u>

UK corporation tax has been charged at 19%.

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	Year Ended 31.12.19	Period 1.4.18 to 31.12.18
	\$	\$
Profit before tax	<u>741,899</u>	<u>796,855</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	140,961	151,402
Effects of:		
Expenses not deductible for tax purposes	(123,880)	15,434
Capital allowances in excess of depreciation	(9,490)	(2,673)
Group relief	(7,591)	(113,877)
Adjustments in respect of prior periods	1,934	-
branch	<u>1,934</u>	<u>50,286</u>
Total tax charge	<u>1,934</u>	<u>50,286</u>

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

9. TAXATION - continued

Tax effects relating to effects of other comprehensive income

	Gross \$	31.12.19 Tax \$	Net \$
Revaluation of tangible assets	509,000	-	509,000
Transfer to undistributable reserves	(509,000)	-	(509,000)
	<u>-</u>	<u>-</u>	<u>-</u>

10. INTANGIBLE FIXED ASSETS

	Development costs \$
COST	
Additions	399,999
At 31 December 2019	<u>399,999</u>
NET BOOK VALUE	
At 31 December 2019	<u>399,999</u>

11. TANGIBLE FIXED ASSETS

	Short leasehold \$	Plant and machinery \$	Fixtures and fittings \$	Motor vehicles \$	Totals \$
COST					
At 1 January 2019	17,816	28,923	131,996	-	178,735
Additions	4,322	48,918	6,032	2,610	61,882
Disposals	(17,816)	-	(56,248)	-	(74,064)
At 31 December 2019	<u>4,322</u>	<u>77,841</u>	<u>81,780</u>	<u>2,610</u>	<u>166,553</u>
DEPRECIATION					
At 1 January 2019	16,830	27,520	118,760	-	163,110
Charge for year	2,168	3,570	8,621	435	14,794
Eliminated on disposal	(17,816)	-	(56,248)	-	(74,064)
At 31 December 2019	<u>1,182</u>	<u>31,090</u>	<u>71,133</u>	<u>435</u>	<u>103,840</u>
NET BOOK VALUE					
At 31 December 2019	<u>3,140</u>	<u>46,751</u>	<u>10,647</u>	<u>2,175</u>	<u>62,713</u>
At 31 December 2018	<u>986</u>	<u>1,403</u>	<u>13,236</u>	<u>-</u>	<u>15,625</u>

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

12. FIXED ASSET INVESTMENTS

	Interest in associate \$
COST OR VALUATION	
At 1 January 2019	441,622
Additions	28,696
Revaluations	509,000
	<u>979,318</u>
At 31 December 2019	
NET BOOK VALUE	
At 31 December 2019	<u>979,318</u>
At 31 December 2018	<u>441,622</u>

Cost or valuation at 31 December 2019 is represented by:

	Interest in associate \$
Valuation in 2019	<u>979,318</u>

The company's investments at the Statement of Financial Position date in the share capital of companies include the following:

Associated company

Sigma Manufacturing Services

Registered office: Sigma Manufacturing Solution 29, Mieumsandan-ro 76beon-gil Gangseo, Busan, Korea.

Nature of business:

	% holding	31.12.19	31.12.18
Class of shares:			
Ordinary	29.06	\$	\$
Aggregate capital and reserves		4,276,184	3,008,882
Profit for the year/period		<u>265,139</u>	<u>185,714</u>

13. STOCKS

	31.12.19	31.12.18
	\$	\$
Stocks	<u>11,752,379</u>	<u>15,939,036</u>

The amount of stock recognised as an expense during the period was \$53,290,851. (2018: \$52,275,483)

Impairment losses recognised or reversed in profit or loss in accordance with section 27 were \$9,567. (2018: \$9,567)

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

14. DEBTORS

	31.12.19	31.12.18
	\$	\$
Amounts falling due within one year:		
Trade debtors	8,222,689	11,836,057
Amounts owed by group undertakings	285,823	285,823
Other debtors	42,339	86,070
Directors' current accounts	4,491	4,491
VAT	-	41,690
Prepayments and accrued income	319,530	620,381
	<u>8,874,872</u>	<u>12,874,512</u>
Amounts falling due after more than one year:		
Amounts owed by group undertakings	<u>14,259,788</u>	<u>13,920,070</u>
Aggregate amounts	<u>23,134,660</u>	<u>26,794,582</u>

The amounts due after more than one year relate to a group company loan to Sigma Commercial Products Limited. Interest is charged at LIBOR + 3.5% per annum, repayment of the loan will begin in financial year 31 December 2021 and the loan will be fully repaid by 31st December 2039. Sigma Commercial Products Limited (SCP) has net liabilities of \$14.4m as a result of the loan, and a loss before tax, after accruing the loan interest for the December 2019 year end. The sales and cash flow forecasts support the loan repayment schedule and the directors do not consider the asset to be impaired.

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.19	31.12.18
	\$	\$
Bank loans and overdrafts (see note 17)	50,151	-
Other loans (see note 17)	-	491,086
Trade creditors	23,430,475	28,656,375
Amounts owed to group undertakings	5,173	-
Tax	32,612	382,748
Social security and other taxes	35,321	97,344
VAT	10,854	-
Other creditors	19,953	138,104
Factoring account	4,909,211	6,798,926
Accruals and deferred income	144,918	395,648
	<u>28,638,668</u>	<u>36,960,231</u>

The aggregate amount of creditors for which security has been given amounted to \$4,909,211 (2019 \$6,798,926).

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31.12.19	31.12.18
	\$	\$
Other loans (see note 17)	<u>350,249</u>	<u>-</u>

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

17. LOANS

An analysis of the maturity of loans is given below:

	31.12.19 \$	31.12.18 \$
Amounts falling due within one year or on demand:		
Bank overdrafts	50,151	-
Other loans	-	491,086
	<u>50,151</u>	<u>491,086</u>
Amounts falling due between one and two years:		
Other loans - 1-2 years	<u>350,249</u>	<u>-</u>

18. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	31.12.19 \$	31.12.18 \$
Within one year	57,039	86,108
Between one and five years	150,640	64,389
	<u>207,679</u>	<u>150,497</u>

19. SECURED DEBTS

A debenture dated 6 November 2007 exists between the company and HSBC Bank Plc.

A contract monies charge dated 11 March 2011 exists between the company and HSBC Bank Plc.

The invoice financing is secured by a fixed and floating charge over all property and assets present and future. The charge is in favour of HSBC Invoice Finance (UK) Limited dated 31 December 2007.

The company is party to an unlimited Multilateral Guarantee dated 8 March 2018 covering all the UK companies across the group. The Guarantee is in favour of HSBC Bank Plc.

20. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.12.19 \$	31.12.18 \$
2	Ordinary shares	\$1.5	3	3
1,288,705	Preference shares	\$1.616	2,082,676	2,082,676
			<u>2,082,679</u>	<u>2,082,679</u>

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

21. RESERVES

	Retained earnings \$	Undistributable reserves \$	Totals \$
At 1 January 2019	5,045,615	-	5,045,615
Profit for the year	739,965		739,965
Transfer to undistributable reserves	(509,000)	509,000	-
At 31 December 2019	<u>5,276,580</u>	<u>509,000</u>	<u>5,785,580</u>

22. ULTIMATE PARENT COMPANY

The ultimate parent undertaking is SAL Group Limited, a company registered in England and Wales. SAL Group Limited is the only group company that prepares consolidated financial statements, including the accounts of this company. A copy of the financial statements can be obtained from the registered office; being Ground Floor Progress House 41 Progress Road, Eastwood, Leigh On Sea, Essex, England, SS9 5PR.

23. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to a director subsisted during the year ended 31 December 2019 and the period ended 31 December 2018:

	31.12.19 \$	31.12.18 \$
A J Elliott		
Balance outstanding at start of year	4,491	-
Amounts advanced	-	4,491
Amounts repaid	-	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>4,491</u>	<u>4,491</u>

Amounts advanced to the director are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

24. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

24. RELATED PARTY DISCLOSURES - continued

1) During the year the company undertook transactions with Sigma Manufacturing Solutions, a participating interest of the company, as follows: Amounts owed to related party at 1 January 2019 \$3,218,540, sales to related party \$48,927, purchases from related party \$4,240,571 and payments to related party \$5,198,748. Amounts owed to related party at 31 December 2019 \$2,309,290.

2) During the year the company undertook transaction with Sigma SAL LLC, an equal shareholder of SAL Group Limited, the parent company. The transactions with the related party during the year are as follows: Amounts owed to related party at 1 January 2019 \$491,086, unwinding of discounting \$22,973, interest charged on amounts due \$63,003, amounts paid to related party \$100,808. Amounts owed to related party at 31 December 2019 \$350,248.

The amounts borrowed from Sigma SAL LLC are without the provision of interest, therefore in line with FRS012 the loan repayable has been discounted to net present value, at a market rate, up to the date of repayment in the financial year 31st March 2024.

Key management personnel compensation is shown in the staff costs above.

25. POST BALANCE SHEET EVENTS

Other than events noted within the strategic report, there was no other material post balance sheet events up to the date of approval of the financial statements by the Board.