

**REGISTERED NUMBER: 03319466 (England and Wales)**

**Annual Report  
For the Year Ended 31 December 2019  
for  
Sicame UK Limited**



## **Sicame UK Limited**

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**Sicame UK Limited**

**Company Information  
for the Year Ended 31 December 2019**

**DIRECTORS:**

N Brahim  
V C Roy  
I A Steel

**REGISTERED OFFICE:**

Unit 4a London Medway Commercial Park  
James Swallow Way  
Hoo  
Rochester  
Kent  
ME3 9GX

**REGISTERED NUMBER:**

03319466 (England and Wales)

**INDEPENDENT AUDITORS:**

KPMG LLP  
Chartered Accountants & Statutory Auditor  
1 Forest Gate  
Brighton Road  
Crawley  
RH11 9PT

## **Sicame UK Limited**

### **Strategic Report for the Year Ended 31 December 2019**

The company operates on a direct sale basis servicing both UK and export markets. It complements own manufactured product with subassemblies and products manufactured by other Sicame facilities around the world. The company is focused on continual development of new products and markets to enhance sales and strengthen market position and security of the business.

#### **BUSINESS REVIEW**

The results for the year are shown in the profit and loss account and the related notes. Ordinary dividends of £3,500k (2018: £2,800k) were declared and paid during the year in respect of period ended 31st December 2019. The directors do not recommend the payment of a final dividend.

During the year Sicame UK Ltd undertook a restructuring exercise to consolidate operations and simplify the business structure. Manufacturing activities are now concentrated at our facility near Rochester in Kent. Our premises in Huddersfield will concentrate on the manufacture of specialised link box products for our utility customers as well as providing a regional warehouse capability. The Newcastle facility continues to operate as a small distribution centre.

The business now operates as a single entity rather than three distinct divisions, which allows for a simplified, and more effective, management and reporting structure. The brands of WT Henley, Sicame Electrical Developments (SED) and Sicame Electrical Distribution (SEDD) have been retained.

2019 sales were positive, c. 2.5% ahead of prior year, mainly due to very strong sales to the key utility customers who were stock building in the event of a disruptive Brexit. Sales to wholesalers were roughly flat and sales to the telecoms market and to export customers was below expectation.

We saw good growth in the link-box business and a slight recovery in the sub-sea business. The lull in export sales is considered to be more of a timing issue rather than a more fundamental loss of position.

Profitability across all three division remained under pressure due to several factors:

- Currency fluctuations meant that our non-STG denominated purchases were significantly more expensive.
- Metal and chemical commodity pricing moved against us during the year increasing component costs.
- Restructuring costs

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

The most significant risks to the company's profitability are:

- Currency fluctuation. The majority of our purchases are non-STG denominated
- Fluctuation in prices of raw materials and energy
- Reduced demand from the company's main markets.
- Increased statutory regulation, health and safety, environment.
- The uncertainties of Brexit may lead to instability with our extended supply chain.
- Continuing competition from low cost economies.
- Impact of global pandemic.

The directors have strategies to manage the above risks and remain confident of the continued success of the company.

## Sicame UK Limited

### Strategic Report for the Year Ended 31 December 2019

#### FINANCIAL KEY PERFORMANCE INDICATORS

The directors measure the financial performance of the company using detailed monthly accounts and budgets, with the principal indicators being:

	2019	2018
Sales - £'000	35,633	34,735
Operating profit - £'000	2,612	3,143
Return on capital employed %	30.3%	28.7%
Stock turnover (gross)	3.8	3.7
Debtor days	45.1	39.4
Creditor days	62.1	44.8
Year-end employees	118	117

#### FUTURE DEVELOPMENTS

2019 results are solid and underlines the core strength of the business, the resilient market and the strength of our customer relationships. Further geographical expansion is envisaged along with an accelerated rate of product and market diversification in order to reduce reliance on UK utilities. 2020 budgets are slightly lower to reflect the likelihood of utility customers releasing their increased Brexit related stock throughout the year.

Trading so far in 2020 has proved to be resilient, in spite of the coronavirus pandemic, with production at near normal levels. The business remains strong and we have not had to call on any government assistance or furlough any staff. Our facilities are designated Covid Secure and swift action on supply chain has resulted in minimal delays. The board remains confident of achieving 2020 forecasts.

#### ON BEHALF OF THE BOARD:



.....  
I A Steel - Director

Date: 16 October 2020

## **Sicame UK Limited**

### **Directors' Report 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.

#### **PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of the design, manufacture and sale of electrical connection accessories used in the distribution of electricity. Further information on the activities of the company is included as part of the strategic report on pages 2 to 3.

#### **DIVIDENDS**

The total distribution of dividends for the year ended 31 December 2019 will be £3,500,000 (2018: £2,800,000)

#### **RESEARCH AND DEVELOPMENT**

A small amount of research and development activity occurred in the UK in 2019. The majority of research and development is done in United Kingdom. The company spent £43,118 on research and development (2018: £39,610).

#### **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.

N Brahim  
V C Roy  
I A Steel

Other changes in directors holding office are as follows:

P Lachaud - resigned 14 February 2019

#### **POLITICAL DONATIONS AND EXPENDITURE**

The company made charitable donations during the year amounting to £nil (2018: £nil). The company made no political contributions during the year (2018: £nil)

## **Sicame UK Limited**

### **Directors' Report for the Year Ended 31 December 2019**

#### **GOING CONCERN**

The financial statements have been prepared on the going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors have prepared cash flow forecasts to the end of the following financial period from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides and the anticipated impact of COVID-19 on the operations and its financial resources, the Group and Company will have sufficient funds to meet its liabilities as they fall due for that period.

As part of the review of going concern the following scenarios have been evaluated to 'stress-test' assumptions:

1. Forecasts based on a continuation of revenues at the level generated during the initial height of the pandemic, when the strictest lockdown policies were enforced.
2. Forecasts based on a continuation of revenues at the level observed into the last quarter which at this stage indicates a return to a normal level.

In assessing these downside scenarios, the directors have not assumed that any government support is available beyond what is already available and the forecast also include in all scenarios the payment of costs which were deferred under government support measures and also the payment of pension contributions at the rates agreed with the pension scheme Trustees.

The directors have also considered the sustainability of the order book, supply chains and ability to maintain despatch levels and have implemented reviews of suppliers to identify alternatives in closer territories in order to reduce lead times, and or customer credit terms to ensure that they are still relevant in the current climate.

In addition to this the Company has access to overdraft facilities of £500k which have remained undrawn throughout 2020 and to the date of approval of these financial statements.

Consequently, the Directors are confident that the Group and Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

**Sicame UK Limited**

**Directors' Report  
for the Year Ended 31 December 2019**

**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 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.

**ON BEHALF OF THE BOARD:**



.....  
I A Steel - Director

Date: 16 October 2020

Unit 4a London Medway Commercial Park  
James Swallow Way  
Hoo  
Rochester  
Kent  
ME3 9GX

## **Sicame UK Limited**

### **Statement of Directors' Responsibilities for the Year Ended 31 December 2019**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with applicable law and Section 1A of FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (UK Generally Accepted Accounting Practice applicable to Smaller Entities).

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 estimates that are reasonable and prudent; and
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## **Independent Auditor's Report to the Members of Sicame UK Limited**

### **Opinion**

We have audited the financial statements of 'Sicame UK Limited ("the company") for the year ended 31 December 2019, which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards applicable to smaller entities, including Section 1A of FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

## **Independent Auditor's Report to the Members of Sicame UK Limited**

### **Directors' report**

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required 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;

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## **Independent Auditor's Report to the Members of Sicame UK Limited**

### **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

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

*Gemma Hancock*

Gemma Hancock (Senior Statutory Auditor)  
for and on behalf of KPMG LLP  
Chartered Accountants & Statutory Auditor  
1 Forest Gate  
Brighton Road  
Crawley  
RH11 9PT

16 October 2020

**Sicame UK Limited****Income Statement  
for the Year Ended 31 December 2019**

		2019		2018	
	Notes	£'000	£'000	£'000	£'000
<b>TURNOVER</b>	4		35,633		34,735
Cost of sales			<u>27,855</u>		<u>26,028</u>
<b>GROSS PROFIT</b>			7,778		8,707
Distribution costs		2,253		1,924	
Administrative expenses		<u>2,886</u>		<u>3,969</u>	
			<u>5,139</u>		<u>5,893</u>
			2,639		2,814
Other operating expense			<u>27</u>		<u>-</u>
<b>OPERATING PROFIT</b>	6		2,612		2,814
Interest payable and similar expenses	8	16		-	
Other finance costs	21	<u>72</u>		<u>64</u>	
			<u>88</u>		<u>64</u>
<b>PROFIT BEFORE TAXATION</b>			2,524		2,750
Tax on profit	9		<u>535</u>		<u>695</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>			<u>1,989</u>		<u>2,055</u>

The notes form part of these financial statements

**Sicame UK Limited**

**Other Comprehensive Income  
for the Year Ended 31 December 2019**

Notes	2019 £'000	2018 £'000
<b>PROFIT FOR THE YEAR</b>	1,989	2,055
<b>OTHER COMPREHENSIVE INCOME</b>		
Actuarial losses on defined benefit	(612)	(82)
Deferred tax relating to defined benefit	104	14
Income tax relating to components of other comprehensive income	<u>-</u>	<u>-</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>(508)</u>	<u>(68)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>1,481</u>	<u>1,987</u>

The notes form part of these financial statements

**Sicame UK Limited (Registered number: 03319466)**

**Balance Sheet  
31 December 2019**

	Notes	2019		2018	
		£'000	£'000	£'000	£'000
<b>FIXED ASSETS</b>					
Intangible assets	11		1,028		1,482
Tangible assets	12		<u>2,432</u>		<u>2,440</u>
			3,460		3,922
<b>CURRENT ASSETS</b>					
Stocks	13	6,747		6,000	
Debtors	14	5,418		6,384	
Cash at bank and in hand		<u>793</u>		<u>3,032</u>	
		12,958		15,416	
<b>CREDITORS</b>					
Amounts falling due within one year	15	<u>6,410</u>		<u>7,430</u>	
<b>NET CURRENT ASSETS</b>			<u>6,548</u>		<u>7,986</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			10,008		11,908
<b>PENSION LIABILITY</b>	21		<u>3,068</u>		<u>2,949</u>
<b>NET ASSETS</b>			<u>6,940</u>		<u>8,959</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	19		2,250		2,250
Retained earnings	20		<u>4,690</u>		<u>6,709</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>6,940</u>		<u>8,959</u>

The financial statements were approved by the Board of Directors and authorised for issue on 16 October 2020 and were signed on its behalf by:



.....  
I A Steel - Director

The notes form part of these financial statements

**Sicame UK Limited**

**Statement of Changes in Equity  
for the Year Ended 31 December 2019**

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
<b>Balance at 1 January 2018</b>	2,250	7,522	9,772
<b>Changes in equity</b>			
Dividends	-	(2,800)	(2,800)
Total comprehensive income	-	1,987	1,987
<b>Balance at 31 December 2018</b>	<u>2,250</u>	<u>6,709</u>	<u>8,959</u>
<b>Changes in equity</b>			
Dividends	-	(3,500)	(3,500)
Total comprehensive income	-	1,481	1,481
<b>Balance at 31 December 2019</b>	<u>2,250</u>	<u>4,690</u>	<u>6,940</u>

The notes form part of these financial statements

## Sicame UK Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019

#### 1. GENERAL INFORMATION

Sicame UK Limited is a private company limited by shares and is incorporated in England with the registration number 03319466. The address of the registered office is Unit 4a London Medway Commercial Park, James Swallow Way, Hoo, Rochester, Kent, ME3 9GX.

The company's principal activity is the design, manufacture and sale of electrical connection accessories used in the distribution of electricity. Further information on the activities of the company is included as part of the strategic report on pages 1 to 2.

#### 2. ACCOUNTING POLICIES

##### **Basis of preparing the financial statements**

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

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

All amounts in the financial statements have been rounded to the nearest £1,000.

The following principal accounting policies have been applied:

##### **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;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Sicame SAS as at 31 December 2019 and these financial statements may be obtained from 1 Avenue Basile Lachaud, Arnac, Pompadour, France.

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2019**

**2. ACCOUNTING POLICIES - continued**

**Going concern - covid-19**

The financial statements have been prepared on the going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors have prepared cash flow forecasts to the end of the following financial period from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides and the anticipated impact of COVID-19 on the operations and its financial resources, the Group and Company will have sufficient funds to meet its liabilities as they fall due for that period.

As part of the review of going concern the following scenarios have been evaluated to 'stress-test' assumptions:

1. Forecasts based on a continuation of revenues at the level generated during the initial height of the pandemic, when the strictest lockdown policies were enforced.
2. Forecasts based on a continuation of revenues at the level observed into the last quarter which at this stage indicates a return to a normal level.

In assessing these downside scenarios, the directors have not assumed that any government support is available beyond what is already available and the forecast also include in all scenarios the payment of costs which were deferred under government support measures and also the payment of pension contributions at the rates agreed with the pension scheme Trustees.

The directors have also considered the sustainability of the order book, supply chains and ability to maintain despatch levels and have implemented reviews of suppliers to identify alternatives in closer territories in order to reduce lead times, and or customer credit terms to ensure that they are still relevant in the current climate.

In addition to this the Company has access to overdraft facilities of £500k which have remained undrawn throughout 2020 and to the date of approval of these financial statements.

Consequently, the Directors are confident that the Group and Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2019**

**2. ACCOUNTING POLICIES - continued**

**Revenue**

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

**Sale of goods**

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

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

**Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

**Goodwill**

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirers interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis to the income statement over its useful economic life.

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2019**

**2. ACCOUNTING POLICIES - continued**

**Other intangible assets**

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

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

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

The estimated useful lives range as follows:

Development expenditure	-	10	years
Goodwill	-	10	years

Goodwill has been reviewed and the estimated useful lives range has been decreased to 10 years in line with FRS102.

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2019**

**2. ACCOUNTING POLICIES - continued**

**Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

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

Depreciation is provided on the following basis:

Long-term leasehold property	- over the remaining lease term
Plant and machinery	- between 2 and 10 years

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

**Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

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

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2019**

**2. ACCOUNTING POLICIES - continued**

**Financial instruments**

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

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

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

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

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

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

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2019**

**2. ACCOUNTING POLICIES - continued**

**Current and deferred taxation**

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

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

**Research and development**

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

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

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2019**

**2. ACCOUNTING POLICIES - continued**

**Foreign currency translation  
Functional and presentation currency**

The company's functional and presentational currency is pounds sterling.

**Transactions and balances**

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

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction.

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'other operating income'.

**Operating leases: the company as lessee**

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight-line basis over the lease term.

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2019**

**2. ACCOUNTING POLICIES - continued**

**Pensions**

**Defined contribution pension plan**

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

The contributions are recognised as an expense in the income statement when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

**Defined benefit pension plan**

The company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the balance sheet date less the fair value of plan assets at the balance sheet date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and charges in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in the profit or loss as employee costs except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance' expense.

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2019**

**2. ACCOUNTING POLICIES - continued**

**Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**Cash and cash equivalents**

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

**Creditors**

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

**Provisions for liabilities**

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

Provisions are charged as an expense to the statement of comprehensive income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

**3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION  
UNCERTAINTY**

The preparation of the financial statements requires the directors to make judgements, estimates and assumptions that can affect the amounts reported for assets and liabilities, and the results for the year. The nature of estimation is such though that actual outcomes could differ significantly from those estimates.

The following judgements have had the most significant impact on amounts recognised in the financial statements.

**Defined benefit pension scheme**

As detailed in note 19 the company operates a defined benefit pension scheme for the benefit of employees. The cost of operating the scheme is determined using actuarial valuations undertaken by the scheme actuary. Their valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of the scheme, such estimates are subject to significant uncertainty.

**Stock provisioning**

The company's products are subject to changing consumer demands. As a result, it is necessary to consider the recoverability of the cost of stocks and the associated provisioning required. When calculating the stock provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials.

**Impairment of debtors**

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

**Fair value measurement of foreign exchange forward contracts**

When the fair value of financial assets and liabilities cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques.

**Tangible fixed assets**

The company has recognised tangible fixed assets with a carrying value of £2,432,000 (2018: £2,440,000) at the reporting date (see note 12). These assets are stated at their cost less provision for depreciation and impairment. For material assets, the company determines at acquisition reliable estimates for the useful life of the asset, its residual value and decommissioning costs. These estimates are based upon such factors as the expected use of the acquired asset and market conditions. At subsequent reporting dates the directors consider whether there are any factors such as technological advancements or changes in market conditions that indicate a need to reconsider the estimates used.

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2019**

Where there are indicators that the carrying value of tangible assets may be impaired the company undertakes tests to determine the recoverable amount of assets. These tests require estimates of the fair value of assets less cost to sell and of their value in use. Wherever possible the estimate of the fair value of assets is based upon observable market prices less incremental cost for disposing of the asset. The value in use calculation is based upon a discounted cash flow model, based upon the company's forecasts for the foreseeable future which do not include any restructuring activities that the company is not yet committed to or significant future investments that will enhance the asset's performance. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well expected future cash flows and the growth rate used for extrapolation purposes.

**Goodwill and intangible assets**

The company has recognised goodwill and other intangible assets with a carrying value of £1,028,000 (2018: £1,482,000) at the reporting date (see note 11). On acquisition the company determines a reliable estimate of the useful life of goodwill and intangible assets based upon factors such as the expected use of the acquired business, forecasts of expected future results and cash flows, and any legal, regulatory or contractual provisions that can limit useful life. At each subsequent reporting date, the directors consider whether there are any factors such as technological advancements or changes in market conditions that indicate a need to reconsider the useful life of goodwill and intangible assets.

**4. TURNOVER**

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

An analysis of turnover by geographical market is given below:

	2019 £'000	2018 £'000
United Kingdom	30,523	29,047
Europe	925	538
Rest of the world	<u>4,185</u>	<u>5,150</u>
	<u>35,633</u>	<u>34,735</u>

**5. EMPLOYEES AND DIRECTORS**

	2019 £'000	2018 £'000
Wages and salaries	4,196	3,601
Social security costs	386	349
Other pension costs	<u>179</u>	<u>484</u>
	<u>4,761</u>	<u>4,434</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:

	2019	2018
Production	75	74
Sales & Distribution	27	32
Admin	<u>16</u>	<u>15</u>
	<u>118</u>	<u>121</u>

	2019 £	2018 £
Directors' remuneration	<u>161,789</u>	<u>218,000</u>

During the year retirement benefits were accruing to 1 director (2018 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £162 thousand (2018 - £160 thousand).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £9 thousand (2018 - £9 thousand).

6. OPERATING PROFIT

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

	2019 £'000	2018 £'000
Hire of plant and machinery	20	23
Other operating leases	477	309
Depreciation - owned assets	422	328
Loss on disposal of fixed assets	20	-
Goodwill amortisation	419	108
Foreign exchange differences	<u>(116)</u>	<u>125</u>

**Sicame UK Limited**

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2019**

**7. AUDITORS' REMUNERATION**

	2019 £'000	2018 £'000
Fees payable to the company's auditors for the audit of the company's financial statements	<u>50</u>	<u>48</u>
Total audit fees	<u><u>50</u></u>	<u><u>48</u></u>
Taxation compliance services	<u>3</u>	<u>8</u>
Total non-audit fees	<u><u>3</u></u>	<u><u>8</u></u>
Total fees payable	<u><u>53</u></u>	<u><u>56</u></u>

**8. INTEREST PAYABLE AND SIMILAR EXPENSES**

	2019 £'000	2018 £'000
Interest payable	<u><u>16</u></u>	<u><u>-</u></u>

**9. TAXATION**

**Analysis of the tax charge**

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

	2019 £'000	2018 £'000
Current tax:		
UK corporation tax	554	510
Deferred tax	<u>(19)</u>	<u>185</u>
Tax on profit	<u><u>535</u></u>	<u><u>695</u></u>

**Tax effects relating to effects of other comprehensive income**

	Gross £'000	2019 Tax £'000	Net £'000
Actuarial losses on defined benefit	(612)	-	(612)
Deferred tax relating to defined benefit	<u>104</u>	<u>-</u>	<u>104</u>
	<u><u>(508)</u></u>	<u><u>-</u></u>	<u><u>(508)</u></u>

**Sicame UK Limited**

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2019**

**9. TAXATION - continued**

	Gross £'000	2018 Tax £'000	Net £'000
Actuarial losses on defined benefit	(82)	-	(82)
Movement of deferred tax defined benefit	<u>14</u>	<u>-</u>	<u>14</u>
	<u>(68)</u>	<u>-</u>	<u>(68)</u>

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

	2019 £000	2018 £000
Profit on ordinary activities before tax	<u>2,524</u>	<u>2,746</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	480	522
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	29	2
Depreciation for year in excess capital allowances	14	230
Adjustments to tax charge in respect of prior periods	(23)	11
Other differences leading to an increase (decrease) in the tax charge	<u>35</u>	<u>(70)</u>
<b>Total tax charge for the year</b>	<u><b>535</b></u>	<u><b>695</b></u>

**10. DIVIDENDS**

	2019 £'000	2018 £'000
Ordinary shares of 1 each		
Interim	<u>3,500</u>	<u>2,800</u>

**Sicame UK Limited**

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2019**

**11. INTANGIBLE FIXED ASSETS**

	Goodwill £'000	Development costs £'000	Totals £'000
<b>COST</b>			
At 1 January 2019	1,819	320	2,139
Disposals	<u>-</u>	<u>(145)</u>	<u>(145)</u>
At 31 December 2019	<u>1,819</u>	<u>175</u>	<u>1,994</u>
<b>AMORTISATION</b>			
At 1 January 2019	470	187	657
Amortisation for year	419	-	419
Eliminated on disposal	<u>-</u>	<u>(110)</u>	<u>(110)</u>
At 31 December 2019	<u>889</u>	<u>77</u>	<u>966</u>
<b>NET BOOK VALUE</b>			
At 31 December 2019	<u>930</u>	<u>98</u>	<u>1,028</u>
At 31 December 2018	<u>1,349</u>	<u>133</u>	<u>1,482</u>

**12. TANGIBLE FIXED ASSETS**

	Long leasehold £'000	Plant and machinery £'000	Totals £'000
<b>COST</b>			
At 1 January 2019	1,726	7,506	9,232
Additions	29	386	415
Disposals	<u>-</u>	<u>(259)</u>	<u>(259)</u>
At 31 December 2019	<u>1,755</u>	<u>7,633</u>	<u>9,388</u>
<b>DEPRECIATION</b>			
At 1 January 2019	376	6,416	6,792
Charge for year	133	289	422
Eliminated on disposal	<u>-</u>	<u>(258)</u>	<u>(258)</u>
At 31 December 2019	<u>509</u>	<u>6,447</u>	<u>6,956</u>
<b>NET BOOK VALUE</b>			
At 31 December 2019	<u>1,246</u>	<u>1,186</u>	<u>2,432</u>
At 31 December 2018	<u>1,350</u>	<u>1,090</u>	<u>2,440</u>

**Sicame UK Limited**

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2019**

**13. STOCKS**

	2019 £'000	2018 £'000
Raw materials	3,565	1,372
Work-in-progress	252	285
Finished goods	<u>2,930</u>	<u>4,343</u>
	<u>6,747</u>	<u>6,000</u>

**14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2019 £'000	2018 £'000
Trade debtors	4,401	5,749
Other debtors	4	23
Deferred tax asset	559	416
Prepayments	<u>454</u>	<u>196</u>
	<u>5,418</u>	<u>6,384</u>

**15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2019 £'000	2018 £'000
Bank loans and overdrafts (see note 16)	52	-
Trade creditors	2,503	2,683
Amounts owed to group undertakings	-	1,165
Tax	173	100
Social security and other taxes	417	448
Other creditors	1,805	1,154
Accrued expenses	<u>1,460</u>	<u>1,880</u>
	<u>6,410</u>	<u>7,430</u>

**16. LOANS**

An analysis of the maturity of loans is given below:

	2019 £'000	2018 £'000
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>52</u>	<u>-</u>

## Sicame UK Limited

### Notes to the Financial Statements - continued for the Year Ended 31 December 2019

#### 17. LEASING AGREEMENTS

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

	2019	2018
	£'000	£'000
Within one year	826	852
Between one and five years	2,378	3,031
In more than five years	<u>1,556</u>	<u>3,143</u>
	<u>4,760</u>	<u>7,026</u>

During the year £845,575 was recognised as an expense in the income statement in respect of operating leases (2018: £617,395).

#### 18. DEFERRED TAX

	£'000
Balance at 1 January 2019	(416)
Utilised during year	(39)
other comprehensive income	<u>(104)</u>
Balance at 31 December 2019	<u>(559)</u>

The deferred tax asset is made up as follows:

	2019	2018
	£000	£000
Accelerated capital allowances	(50)	(183)
Timing difference on pension provision	533	501
Short-term timing differences	<u>76</u>	<u>98</u>
	<u>559</u>	<u>416</u>

#### 19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2019	2018
			£'000	£'000
2,250,000	Ordinary	1	<u>2,250</u>	<u>2,250</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

**Sicame UK Limited**

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2019**

**20. RESERVES**

	Retained earnings £'000
At 1 January 2019	6,709
Profit for the year	1,989
Dividends	(3,500)
Other comprehensive income	<u>(508)</u>
At 31 December 2019	<u>4,690</u>

**21. EMPLOYEE BENEFIT OBLIGATIONS**

The company operates a defined benefit pension scheme.

The scheme is a funded defined benefit scheme. The assets of the scheme are held in a separate trustee administered fund. The pension contributions are in line with the recommendations of a professionally qualified independent actuary. The latest full actuarial valuation was carried out at 5 April 2015 and has been updated for Financial Reporting purposes for the period to 31 December 2019 by a qualified independent actuary.

The scheme was closed to future accrual from 12 April 2018.

The amounts recognised in profit or loss are as follows:

	Defined benefit pension plans	
	2019 £'000	2018 £'000
Current service cost	-	-
Net interest from net defined benefit asset/liability	72	64
Past service cost (income)	204	327
Additional contributions	<u>(70)</u>	<u>-</u>
	<u>206</u>	<u>391</u>
Actual return on plan assets	<u>1,411</u>	<u>(504)</u>

**Sicame UK Limited****Notes to the Financial Statements - continued  
for the Year Ended 31 December 2019****21. EMPLOYEE BENEFIT OBLIGATIONS - continued**

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension plans	
	2019	2018
	£'000	£'000
Opening defined benefit obligation	11,621	12,015
Past service cost (income)	204	327
Interest cost	321	295
Actuarial losses/(gains)	1,774	(653)
Benefits paid	<u>(292)</u>	<u>(363)</u>
	<u>13,628</u>	<u>11,621</u>

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans	
	2019	2018
	£'000	£'000
Opening fair value of scheme assets	8,672	9,340
Contributions by employer	699	199
Contributions by scheme participants	70	-
Expected return	249	231
Actuarial gains/(losses)	1,162	(735)
Benefits paid	<u>(292)</u>	<u>(363)</u>
	<u>10,560</u>	<u>8,672</u>

The amounts recognised in other comprehensive income are as follows:

	Defined benefit pension plans	
	2019	2018
	£'000	£'000
Actuarial gains/(losses)	<u>(612)</u>	<u>(82)</u>
	<u>(612)</u>	<u>(82)</u>

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2019

21. EMPLOYEE BENEFIT OBLIGATIONS - continued

The major categories of scheme assets as amounts of total scheme assets are as follows:

	Defined benefit pension plans	
	2019	2018
	£'000	£'000
Equities	5,437	4,548
Bonds	3,638	3,190
Other - annuities and cash	<u>1,485</u>	<u>934</u>
	<u>10,560</u>	<u>8,672</u>

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2019	2018
Discount rate	2.00%	2.80%
Inflation assumption - RPI	2.90%	3.10%
Inflation assumption - CPI	1.90%	2.10%

Mortality Rates	2019	2018
	%	%
- for a male at retirement age now	21.7	21.9
- for a male retiring in 20 years	23.6	23.3
- for a female at retirement age now	23.0	23.8
- for a female retiring in 20 years	25.1	25.4

The overall expected rate of return is calculated by weighing the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity.

22. RELATED PARTY DISCLOSURES

During the year, the company made payments on behalf of key management personnel totalling £Nil (2018: £Nil). The maximum amount outstanding was £38,143 (2018: £38,143). These items were subject to interest charges being levied and the amount owed to the company at the end of the year was £37,509 (2018: £37,509).

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2019**

**23. POST BALANCE SHEET EVENTS**

**COVID-19 pandemic:**

The COVID-19 pandemic has developed rapidly in 2020, with a significant number of cases. Measures taken by various governments to contain the virus have affected economic activity. We have taken a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for our people (such as social distancing and working from home) and securing the supply of materials that are essential to our production process.

At this stage, the impact on our business and results has not been significant [and based on our experience to date we expect this to remain the case]. As the company operates in the energy sector, we have found maintained demand for our products and expect this to continue. We will continue to follow the various government policies and advice and, in parallel, we will do our utmost to continue our operations in the best and safest way possible without jeopardising the health of our people.

**Final salary scheme additional accrual of benefits:**

Responses from scheme members in regards uptake of the additional accrual is anticipated to conclude after the sign off of the accounts. However, from the latest information available it appears the number of anticipated responses was incorrect.

It has been confirmed with the independent actuary that the effect of this is immaterial to the assumptions made in the current valuation contained within these financial statements and therefore any further changes will be made in the 2020 financial year.

**24. CONTROLLING PARTY**

The company is a subsidiary undertaking of Sicame SAS. The ultimate controlling party is Sicame SAS. The largest group in which the results of the Company are consolidated is that headed by Sicame SAS incorporated in France. The consolidated financial statements of these groups are available to the public and may be obtained from Sicame SAS 1 Avenue Basile Lachaud, Arnac, Pompadour, France. The company has taken advantage of the exemption available under FRS 102 and has not disclosed transactions with companies that are part of the Sicame SAS group of companies, cashflow statements, statement in changes of equity or the compensation of key management personnel.