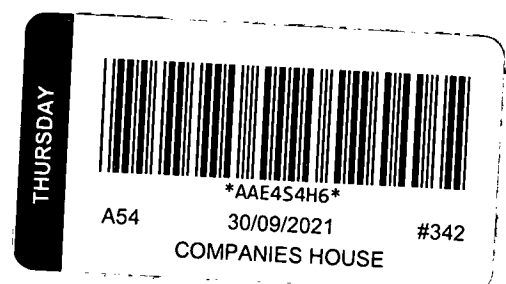


Registered number: 04703140

Cathay Investments Limited

Directors' Report, Strategic Report and Audited Consolidated Financial Statements

for the Year Ended 30 December 2020



Cathay Investments Limited

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Cathay Investments Limited

Company Information

Directors	B Chaing K Johnson
Company secretary	M Chaing
Registered office	43 Friends Road Croydon United Kingdom CR0 1ED
Independent auditors	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 30 Finsbury Square London EC2A 1AG

Cathay Investments Limited

Strategic Report for the Year Ended 30 December 2020

The directors present their strategic report for the year ended 30 December 2020.

Fair review of the business

Trading during 2020 was difficult for the group and was affected by several external factors.

In respect of Euroresins, the company has in the past relied on one main supplier for its resin products and this relationship came to an end during 2020. The company has appointed a number of other suppliers and is now able to offer an enhanced portfolio of products. Unfortunately this change in supplier came into effect at the same time as the start of the coronavirus outbreak which resulted in some local shutdowns. Additionally there has been a shortage of raw materials which has led to shortages of key products from suppliers although our ability to source from multiple suppliers has helped to manage this particular risk somewhat. These three factors, which arose at the same time, significantly impacted upon turnover and profitability during the year.

Lantor has performed at a similar level to previous years and has not seen the same level of impact from coronavirus.

The directors are not aware of any likely changes in the group's activities in 2021 and there have been no events since the year end affecting the group that require disclosure in the financial statements.

The group made a loss before tax for the year of £331,171 (2019 - profit before tax £1,942,841). The statement of financial position shows total assets of £46,906,795 (As at 30 December 2019 - £53,807,425), total liabilities of £36,121,975 (As at 30 December 2019 - £43,086,203) and net assets of £10,784,820 (As at 30 December 2019 - £10,721,222).

The group's key financial and other performance indicators during the year were as follows:

	Unit	2020	2019
EBITDA [1]	£	3,172,610	6,169,988
Cash generated from operations	£	8,737,359	4,556,133

All key performance indicators have been calculated on the group's continuing businesses.

[1] - Adjusted EBITDA = Earnings before interest, tax, depreciation and amortisation adjusted to remove exceptional items.

Cash generated from operations increased in 2020 compared to 2019 primarily due to an unwinding of working capital in Euroresins connected with the decrease in the level of trade during the year.

Principal risks and uncertainties

The performance of the group is to some extent determined by the general market and by its relationships with its key suppliers. The loss of key customer and supplier relationships is a key risk identified by the directors.

During 2020, a new risk has developed through coronavirus. This has impacted on the business in all of its operating countries reducing the ability to travel and see clients and, in some countries such as Italy where lockdowns were more severe and many businesses closed significantly impacting ability to trade. The group has sought assistance from government supported schemes where necessary and has remained open where possible throughout the crisis. The group is committed to ensuring a safe environment for its staff and customers and has made appropriate changes to manage coronavirus risks.

The group's overall risk management programme focuses on the unpredictability of the marketplace and seeks to minimise potential adverse effects on the group's financial performance. Risk management is carried out by the operating divisions under policies approved by the board of directors.

Cathay Investments Limited

Strategic Report for the Year Ended 30 December 2020

Directors' statement of compliance with duty to promote the success of the company

The Directors of the Company, as those of all UK companies, must act in accordance with a set of general duties. These duties are detailed in section 172 of the Companies Act 2006 which is summarised as follows:

A director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- a. the likely consequences of any decision in the long term;
- b. the interests of the company's employees;
- c. the need to foster the company's business relationships with suppliers, customers and others;
- d. the impact of the company's operations on the community and the environment;
- e. the desirability of the company maintaining a reputation for high standards of business conduct; and
- f. the need to act fairly as between members of the company.

We provide key business services to our clients which underpin their business supply chains. It is important that we effectively identify, evaluate and manage risks we face, and we continue to evolve our approach to risk management. For details of principal risks and uncertainties see the relevant sections of the strategic and directors' reports. The following paragraphs summarise how the Directors fulfil their duties:

Our people

The group is committed to being a responsible business and to consult and discuss with employees matters which are likely to affect their interest and we aim to increase awareness of the wider group with employees of the Company through regular briefings and newsletters.

Shareholders

Immediate shareholders comprise the minority and majority shareholders and the ultimate shareholders of Chaing Equities Limited. All of the individuals are either directors of the company or senior employees within the wider group structure. Communication and regular engagement with Shareholders is given a high priority by the Directors.

Business relationships

Our strategy prioritises cross selling and upselling of services to existing clients. To do this we need to maintain strong client relationships. We value all of our suppliers and enter into appropriate contracts where necessary. Further details are in the directors' report.

Community and environment

By its nature, the business has numbers of trucks driving on the road each day and the biggest impact on the wider community is how drivers and employees interact with the community as they carry out their business. We are committed to reducing incidents involving our fleet and we provide training and hold discussions to promote this with everyone involved in fleet operations.

Approved by the Board on 30/9/2021 and signed on its behalf by:

Kevin Johnson

.....
K Johnson
Director

Cathay Investments Limited

Directors' Report for the Year Ended 30 December 2020

The directors present their report and the consolidated financial statements for the year ended 30 December 2020.

Directors of the group

The directors, who held office during the year, were as follows:

B Chaing

K Johnson

Principal activities

The principal activity of the company is that of a holding company and activities of head offices.

The principal activities of the group are:

- the import and distribution of chemicals and related products;
- the distribution of products to the thermoset industry;
- the sale and manufacture of equipment for the educational and scientific markets;
- the manufacture and supply of optical instruments for the optician and the gemmologist markets; and
- the development, distribution and global marketing of non-woven products for industrial applications in the cable, composites, automotive, construction and packaging industries.

Dividends

The directors recommend that no dividend be paid (2019 - £nil).

Financial instruments

Price risk, credit risk, liquidity risk and cash flow risk

The group's operations expose it to a variety of financial risks including the effects of changes in interest rates on debt, credit risk, liquidity risk and currency risk.

With the exception of currency risk the group does not have any material exposures in any of these areas and, consequently, does not use derivative instruments to manage these exposures. The group's principal financial instruments comprise bank loans, preference shares, sterling cash and bank deposits, together with trade debtors and trade creditors that arise directly from its operations.

The main risks arising from the group's financial instruments can be analysed as follows:

Price risk

The group is not exposed to equity securities price risk or commodities price risk.

Foreign currency risk

The group has some exposure to foreign currency risk as its primary supplies are purchased in Euros and US Dollars and its sales are predominantly in Euros and Sterling. The group manages this risk by holding funds in multiple currencies. The group also has exposure to currency risk from its overseas acquisitions which is managed on an as needed basis. The group also has a natural hedge by drawing bank funding for Euro acquisitions in Euros.

Credit risk

The group has no significant concentrations of customer credit risk. It has policies in place to ensure that sales of products and services are made to credit approved customers.

Liquidity risk

The group is funded by shareholder's funds, director's loans and bank debt. The group is exposed to risk through having loan repayment obligations as described in note 21. There are no significant repayments falling due immediately and the group monitors its cash flow and loan maturities carefully to manage these risks.

Cash flow interest rate risk

Group policy is to obtain short term borrowing on fixed rates when required. All current borrowings are on variable rates.

Employee involvement

The group's policy is to consult and discuss with employees, matters likely to affect employees' interests and we aim to increase awareness of the wider group with employees of the group through regular briefings and newsletters.

Cathay Investments Limited

Directors' Report for the Year Ended 30 December 2020

Employment of disabled persons

The group's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retaining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Engagement with suppliers, customers and others

We engage with customers at all levels of the business. There is day to day engagement by operations staff making pick ups and deliveries and by the customer services team, regular engagement by operations managers and key client contacts, and where necessary by directors to ensure that clients are happy and appropriate contracts are in place.

We take reasonable steps to ensure our suppliers comply with our standards such as those relating to modern slavery.

Going concern

The directors have considered carefully the appropriateness of adopting the going concern basis for these accounts, particularly in the light of the impact of Covid-19 during the year and continuing since the year end.

The company is part of a larger group, headed by Chaing Equities Limited (the group) and the ability of the company to continue as a going concern is linked to the health of the group in general. The company and group has three primary sources of funding:

- Cash generated from the profits of the group;
- Loans from shareholders / directors (which are subordinate to the bank funding described below); and
- Bank facilities provided by HSBC UK Bank plc.

Although each company handles its own cash and bank accounts on a day to day basis, the group bank facilities and liquidity in general are managed centrally.

In considering the going concern basis, the directors have prepared a forecast model including monthly profit and loss accounts, balance sheets and cash flows for the period to 31 December 2022. The forecast is built on a bottom up basis, company by company, and adopts 2021 as its base year. The results for 2021 are based on six months of actual results (Q1 and Q2) and a forecast for Q3 and Q4. Notwithstanding the successful roll-out of vaccines and subsequent relaxation of Covid restrictions, the forecast for 2021 and 2022 assumes no significant improvement in conditions with regard to the continuing impact of Covid-19. Indeed, no significant growth is assumed generally.

The group as a whole has different lines of business and operates across several European countries. The effects of Covid-19 have been different across different countries and different business.

In our chemicals and materials business, there was a definite downturn in demand during the initial lockdowns across all territories and turnover fell significantly. Some customers were closed for a period of time and most saw their own customer demand fall, an effect that fed back through the supply chain. Turnover has improved since the tightest restrictions were lifted but remains below historical levels and this is forecast to continue. The operations of these companies have also been affected in 2021 by a worldwide shortage of raw materials and spiralling transport costs. This has been mitigated somewhat by an improvement in sales mix that has generated increased gross margins and our ability to source materials from a wide range of suppliers has also helped.

Our logistics businesses, which operate predominantly in the UK, have benefited from increased consumer demand online. Whilst we anticipate that this may soften slightly as the economy opens up it is expected to remain a focus for us in the future. As a result, this part of the group continues to trade well.

Cathay Investments Limited

Directors' Report for the Year Ended 30 December 2020

All of our companies have to date been able to trade throughout the Covid affected period and it is assumed that this will continue. No structural changes are required in order to achieve this.

With regard to bank facilities, these fall into two main categories:

- Invoice Finance facilities - these provide working capital funding for many of the group companies, particularly those in the UK.
- Senior debt loan facilities that were used to fund previous acquisitions.

The loan facilities are fully drawn, but the invoice finance facilities are not. Whilst the drawn balance on invoice finance facilities fluctuates according to need, those facilities have never been fully drawn and there is no expectation that they will be. This is supported by the forecasts, which assume no additional draw on these facilities and suggest that considerable headroom will remain available. Cash balances and availability against these facilities are actively monitored by group management on a weekly basis.

The bank facilities contain certain covenants that need to be met. The principal covenants relate to leverage and debt service, ratios that take a measure of EBITDA divided by debt and a measure of cash flow divided by debt service respectively. Our leverage must remain below 2.75x in 2021 and below 2.50x thereafter. Our cash flows must remain above 1.2x debt service requirements. These covenants have been met throughout 2020 and the forecasts indicate that they will continue to be met.

New and extended facilities on these terms were signed in December 2020 and secure funding for the group until Q1 2025.

In forming their conclusion the directors have also considered various alternative scenarios, principally incorporating unexpected falls in sales into the forecast. In all scenarios the forecasts show continued strong levels of cash and continuing availability against invoice finance facilities. This also ignores any further mitigating actions that management could take if required, for example, further working capital management and/or cost reductions.

As a consequence the directors consider it appropriate to adopt the going concern basis for these accounts.

Directors' Responsibilities Statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. 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 group and the company and of the profit or loss of the group and the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Cathay Investments Limited

Directors' Report for the Year Ended 30 December 2020

Directors' Responsibilities Statement (continued)

The directors are responsible for preparing the annual report in accordance with applicable law and regulations. The directors considers the annual report and the financial statements, taken as a whole, provides the information necessary to assess the company's performance, business model and strategy and is fair, balanced and understandable.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

To the best of our knowledge:

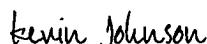
- the financial statements, prepared in accordance with the requirements of the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the annual report, including the Strategic Report, includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Disclosure of information to the auditor

The directors confirm that:

- so far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Approved by the Board on 30/9/2021 and signed on its behalf by:



.....
K Johnson
Director

Independent auditor's report to the members of Cathay Investments Limited

Opinion

We have audited the financial statements of Cathay Investments Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 December 2020, which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows, Company Statement of Cash Flows 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 international accounting standards in conformity with the requirements of the Companies Act 2006 and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 December 2020 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and the parent 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.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the group's and the parent company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the group's and the parent company's financial resources or ability to continue operations over the going concern period.

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

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

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

Independent auditor's report to the members of Cathay Investments Limited

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 for the financial statements

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

In preparing the financial statements, the directors are responsible for assessing the group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report to the members of Cathay Investments Limited

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We understood how the group and parent are complying with those legal and regulatory frameworks by making enquiries of management, those responsible for legal and compliance procedures and the company secretary. We corroborated our enquiries through our review of board minutes and correspondence received from regulatory bodies.
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and parent and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (international accounting standards and the Companies Act 2006).
- In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements and those laws and regulations relating to health and safety, employee matters, environmental, and bribery and corruption practices.
- We assessed the susceptibility of the group and parent's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to:
 - journal entries that increased revenues; and
 - potential management bias in manual journals, determining accounting estimates and any significant
- Our audit procedures involved:
 - evaluation of the design effectiveness and assessing the design effectiveness of controls that management has in place to prevent and detect fraud;
 - journal entry testing, with a focus on material manual journals, including those with unusual account combinations and those that reclassified costs from the income statement to the balance sheet;
 - challenging assumptions and judgements made by management in its significant accounting estimates; and
 - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- In addition, we completed audit procedures to conclude on the compliance of disclosures in the report and accounts with applicable financial reporting requirements.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

Independent auditor's report to the members of Cathay Investments Limited

- The engagement partner assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations through the following:
 - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation; and
 - knowledge of the industry in which the client operates.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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.

Grant Thornton UK LLP

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Marc Summers BSc (Hons) FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
LONDON
Date: 30/9/2021

Cathay Investments Limited**Consolidated Income Statement for the Year Ended 30 December 2020**

	Note	2020 £	2019 £
Revenue	5	66,543,455	101,450,039
Cost of sales		(46,409,452)	(76,915,470)
Gross profit		20,134,003	24,534,569
Other income	8	110,479	-
Distribution costs		(7,871,541)	(9,312,394)
Administrative expenses		(11,644,660)	(12,208,134)
Operating profit	6	728,281	3,014,041
Finance income		3,944	3,270
Finance costs		(1,063,396)	(1,074,470)
Net finance cost	7	(1,059,452)	(1,071,200)
(Loss)/profit before tax		(331,171)	1,942,841
Tax expense	11	(693,718)	(472,546)
(Loss)/profit for the year		(1,024,889)	1,470,295
(Loss)/profit attributable to:			
Owners of the company		(1,024,889)	1,470,295

The above results were derived from continuing operations.

Cathay Investments Limited**Consolidated Statement of Comprehensive Income for the Year Ended 30 December 2020**

	2020	2019
	£	£
(Loss)/profit for the year	(1,024,889)	1,470,295
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation profits/(losses)	1,088,487	(1,085,449)
Total comprehensive income for the year	<u>63,598</u>	<u>384,846</u>
Total comprehensive income attributable to:		
Owners of the company	<u>63,598</u>	<u>384,846</u>

Cathay Investments Limited**(Registration number: 04703140)****Consolidated Statement of Financial Position as at 30 December 2020**

	Note	2020 £	2019 £
Non-current assets			
Property, plant and equipment	12	10,068,932	10,206,895
Intangible assets	13	13,684,557	13,348,760
Deferred tax assets	11	69,570	64,202
		<u>23,823,059</u>	<u>23,619,857</u>
Current assets			
Inventories	16	8,462,180	10,146,661
Trade and other receivables	17	7,748,893	16,998,286
Cash and cash equivalents	18	6,872,663	3,042,621
		<u>23,083,736</u>	<u>30,187,568</u>
Total assets		<u>46,906,795</u>	<u>53,807,425</u>
Equity			
Share capital	19	340,287	340,287
Share premium		406,230	406,230
Capital redemption reserve		153,533	153,533
Foreign currency translation reserve		(316,493)	(1,404,980)
Retained earnings		10,201,263	11,226,152
Equity attributable to owners of the company		<u>10,784,820</u>	<u>10,721,222</u>
Non-current liabilities			
Loans and borrowings	21	19,438,700	19,834,807
Lease liability	15	873,085	1,048,709
Provisions	23	725,826	815,061
Deferred tax liabilities	11	903,295	927,273
		<u>21,940,906</u>	<u>22,625,850</u>
Current liabilities			
Trade and other payables	24	11,365,534	18,270,895
Loans and borrowings	21	2,000,000	2,190,078
Lease liability	15	751,045	505,143
Tax liability		64,490	(505,763)
		<u>14,181,069</u>	<u>20,460,353</u>
Total liabilities		<u>36,121,975</u>	<u>43,086,203</u>
Total equity and liabilities		<u>46,906,795</u>	<u>53,807,425</u>

Approved by the Board on 30/9/2021 and signed on its behalf by:

Kevin Johnson

.....
K Johnson
Director

Cathay Investments Limited**(Registration number: 04703140)****Company Statement of Financial Position as at 30 December 2020**

	Note	2020 £	2019 £
Non-current assets			
Property, plant and equipment	12	9,691	21,020
Investments	14	33,313,808	33,313,808
Deferred tax assets	11	-	281
		<u>33,323,499</u>	<u>33,335,109</u>
Current assets			
Trade and other receivables	17	99,589	89,871
Cash and cash equivalents	18	740,588	168,281
		<u>840,177</u>	<u>258,152</u>
Total assets		<u>34,163,676</u>	<u>33,593,261</u>
Equity			
Share capital	19	340,287	340,287
Share premium		406,230	406,230
Capital redemption reserve		153,533	153,533
Retained earnings		(2,935,512)	(1,367,465)
Total equity		<u>(2,035,462)</u>	<u>(467,415)</u>
Non-current liabilities			
Loans and borrowings	21	19,438,700	19,834,807
Lease liability	15	1,879	9,666
Deferred tax liabilities	11	173	214
		<u>19,440,752</u>	<u>19,844,687</u>
Current liabilities			
Trade and other payables	24	14,750,636	12,014,763
Loans and borrowings	21	2,000,000	2,190,078
Lease liability	15	7,750	11,148
		<u>16,758,386</u>	<u>14,215,989</u>
Total liabilities		<u>36,199,138</u>	<u>34,060,676</u>
Total equity and liabilities		<u>34,163,676</u>	<u>33,593,261</u>

Approved by the Board on 30/9/2021 and signed on its behalf by:

Kevin Johnson

.....
K Johnson
Director

Cathay Investments Limited**Consolidated Statement of Changes in Equity for the Year Ended 30 December 2020**

	Share capital £	Share premium £	Capital redemption reserve £	Foreign currency translation £	Retained earnings £	Total equity attributable to the owners of the parent company £	Non-controlling interests £	Total £
At 31 December 2018	340,287	406,230	153,533	(315,397)	9,598,903	10,183,556	936,898	11,120,454
Profit for the year	-	-	-	-	1,470,295	1,470,295	-	1,470,295
Other comprehensive income	-	-	-	(1,085,449)	-	(1,085,449)	-	(1,085,449)
Total comprehensive income	-	-	-	(1,085,449)	1,470,295	384,846	-	384,846
Acquisition of minority shareholding	-	-	-	(4,134)	156,954	152,820	(936,898)	(784,078)
At 30 December 2019	340,287	406,230	153,533	(1,404,980)	11,226,152	10,721,222	-	10,721,222

	Share capital £	Share premium £	Capital redemption reserve £	Foreign currency translation £	Retained earnings £	Total equity attributable to the owners of the parent company £
At 31 December 2019	340,287	406,230	153,533	(1,404,980)	11,226,152	10,721,222
Loss for the year	-	-	-	-	(1,024,889)	(1,024,889)
Other comprehensive income	-	-	-	1,088,487	-	1,088,487
Total comprehensive income	-	-	-	1,088,487	(1,024,889)	63,598
At 30 December 2020	340,287	406,230	153,533	(316,493)	10,201,263	10,784,820

The notes on pages 20 to 49 form an integral part of these financial statements.

Cathay Investments Limited**Company Statement of Changes in Equity for the Year Ended 30 December 2020**

	Share capital	Share premium	Capital redemption reserve	Retained earnings	Total
	£	£	£	£	£
At 31 December 2018	340,287	406,230	153,533	(801,352)	98,698
Loss for the year	-	-	-	(566,113)	(566,113)
Total comprehensive income	-	-	-	(566,113)	(566,113)
At 30 December 2019	340,287	406,230	153,533	(1,367,465)	(467,415)

	Share capital	Share premium	Capital redemption reserve	Retained earnings	Total
	£	£	£	£	£
At 31 December 2019	340,287	406,230	153,533	(1,367,465)	(467,415)
Loss for the year	-	-	-	(1,568,047)	(1,568,047)
Total comprehensive income	-	-	-	(1,568,047)	(1,568,047)
At 30 December 2020	340,287	406,230	153,533	(2,935,512)	(2,035,462)

Cathay Investments Limited**Consolidated Statement of Cash Flows for the Year Ended 30 December 2020**

	Note	2020 £	2019 £
Cash flows from operating activities			
(Loss)/profit for the year		(1,024,889)	1,470,295
Adjustments to cash flows from non-cash items:			
Depreciation, amortisation and impairment	6	2,264,350	2,863,902
Gain on disposal of property, plant and equipment	6	-	(6,127)
Finance income	7	(3,944)	(3,270)
Finance costs	7	1,063,396	1,074,470
Tax expense	11	693,718	472,546
		<u>2,992,631</u>	<u>5,871,816</u>
Working capital adjustments:			
Decrease in inventories	16	1,684,481	526,060
Decrease in trade and other receivables	17	9,249,393	2,164,943
Decrease in trade and other payables	24	(5,070,565)	(3,763,768)
Decrease in provisions	23	(89,235)	(82,290)
Decrease in deferred tax	11	(29,346)	(160,628)
Cash generated from operations		<u>8,737,359</u>	<u>4,556,133</u>
Income taxes paid		<u>(123,465)</u>	<u>(884,163)</u>
Net cash flow from operating activities		<u>8,613,894</u>	<u>3,671,970</u>
Cash flows from investing activities			
Interest received	7	3,944	3,270
Acquisitions of property, plant and equipment		(451,552)	(738,196)
Proceeds from sale of property, plant and equipment		-	6,127
Additional investment in subsidiaries	14	-	(742,606)
Net cash used in investing activities		<u>(447,608)</u>	<u>(1,471,405)</u>
Cash flow from financing activities			
Interest paid	7	(1,063,396)	(1,074,470)
Repayment of lease liabilities		(799,226)	(784,178)
Proceeds from bank loans	21	18,139,874	-
Repayment of loans and borrowings	21	(17,996,541)	(2,319,910)
Repayment of other borrowings	21	(729,518)	(255,959)
(Decrease)/increase in invoice discounting facility	24	(1,834,796)	660,826
Net cash used in financing activities		<u>(4,283,603)</u>	<u>(3,773,691)</u>
Net increase/(decrease) in cash and cash equivalents		3,882,683	(1,573,125)
Cash and cash equivalents at 31 December	18	3,042,621	4,565,085
Effect of exchange rate fluctuations on cash held		<u>(52,641)</u>	<u>50,661</u>
Cash and cash equivalents at 30 December	18	<u>6,872,663</u>	<u>3,042,621</u>

Cathay Investments Limited**Company Statement of Cash Flows for the Year Ended 30 December 2020**

	Note	2020 £	2019 £
Cash flows from operating activities			
Loss for the year	3	(1,568,047)	(566,113)
Adjustments to cash flows from non-cash items:			
Depreciation	12	11,790	11,516
Finance income		(95,092)	(143,629)
Finance costs		862,257	828,358
Impairment of investments	14	-	468,750
Tax expense		240	16,816
		<u>(788,852)</u>	<u>615,698</u>
Working capital adjustments:			
Increase in trade and other receivables	17	(9,718)	(67,023)
Increase in trade and other payables	24	2,735,873	3,242,874
Net cash flow from operating activities		<u>1,937,303</u>	<u>3,791,549</u>
Cash flows from investing activities			
Interest received		95,092	143,629
Additional investment in subsidiaries	14	-	(742,606)
Acquisitions of property, plant and equipment	12	(461)	(1,261)
Net cash flows from/(used in) investing activities		<u>94,631</u>	<u>(600,238)</u>
Cash flow from financing activities			
Interest paid		(862,257)	(828,358)
Repayment of lease liabilities		(11,185)	(9,629)
Proceeds from bank loans	21	18,139,874	-
Repayment of loans and borrowings	21	(17,996,541)	(2,319,910)
Repayment of other borrowings	21	(729,518)	(255,959)
Net cash flows used in financing activities		<u>(1,459,627)</u>	<u>(3,413,856)</u>
Net increase/(decrease) in cash and cash equivalents		572,307	(222,545)
Cash and cash equivalents at 31 December	18	168,281	390,826
Cash and cash equivalents at 30 December	18	<u>740,588</u>	<u>168,281</u>

Cathay Investments Limited

Notes to the Financial Statements for the Year Ended 30 December 2020

1 General information

The company is a private company limited by share capital incorporated and domiciled in England and Wales.

The nature of the group's and the company's operations and its principal activities are set out in the Strategic Report and the Directors' Report.

The address of its registered office and principal place of business is:

43 Friends Road
Croydon
United Kingdom
CR0 1ED

2 Adoption of new and revised standards

New standards, interpretations and amendments effective

During the financial year, there were no new IFRSs or IFRIC interpretations that were effective for the first time that would be expected to have a material impact on the group and the company.

The following pronouncements have been adopted in the year and either had no impact on the financial statements or resulted in changes to presentation and disclosure only:

- Definition of a Business (Amendments to IFRS 3); effective 1 January 2020
- Definition of Material (Amendments to IAS 1 and IAS 8); effective 1 January 2020
- COVID-19 Rent Related Concessions (Amendments to IFRS 16); effective 1 June 2020
- Amendments to References to the Conceptual Framework (Various Standards)

New standards, interpretations and amendments not yet effective

At the date of authorisation of these financial statements, the following standards and interpretations relevant to the group and the company, which have not been applied in these financial statements, were in issue but not yet effective:

- References to the Conceptual Framework; effective 1 January 2021
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37); effective 1 January 2022
- Annual improvements to the IFRS Standards 2018-2020 Cycle (Amendments to IFRS 1, IFRS 9, IFRS 16); effective 1 January 2022
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1); effective 1 January 2023

None of the other standards, interpretations and amendments which are effective for periods beginning after 31 December 2020 and which have not been adopted early are expected to have a material effect on the financial statements.

3 Accounting policies

Statement of compliance

The group and company financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Cathay Investments Limited

Notes to the Financial Statements for the Year Ended 30 December 2020

3 Accounting policies (continued)

Basis of preparation

The financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and under historical cost accounting rules.

The preparation of financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the group operates.

Going concern

The directors have considered carefully the appropriateness of adopting the going concern basis for these accounts, particularly in the light of the impact of Covid-19 during the year and continuing since the year end.

The company is part of a larger group, headed by Chaing Equities Limited (the group) and the ability of the company to continue as a going concern is linked to the health of the group in general. The company and group has three primary sources of funding:

- Cash generated from the profits of the group;
- Loans from shareholders / directors (which are subordinate to the bank funding described below); and
- Bank facilities provided by HSBC UK Bank plc.

Although each company handles its own cash and bank accounts on a day to day basis, the group bank facilities and liquidity in general are managed centrally.

In considering the going concern basis, the directors have prepared a forecast model including monthly profit and loss accounts, balance sheets and cash flows for the period to 31 December 2022. The forecast is built on a bottom up basis, company by company, and adopts 2021 as its base year. The results for 2021 are based on six months of actual results (Q1 and Q2) and a forecast for Q3 and Q4. Notwithstanding the successful roll-out of vaccines and subsequent relaxation of Covid restrictions, the forecast for 2021 and 2022 assumes no significant improvement in conditions with regard to the continuing impact of Covid-19. Indeed, no significant growth is assumed generally.

The group as a whole has different lines of business and operates across several European countries. The effects of Covid-19 have been different across different countries and different business.

In our chemicals and materials business, there was a definite downturn in demand during the initial lockdowns across all territories and turnover fell significantly. Some customers were closed for a period of time and most saw their own customer demand fall, an effect that fed back through the supply chain. Turnover has improved since the tightest restrictions were lifted but remains below historical levels and this is forecast to continue. The operations of these companies have also been affected in 2021 by a worldwide shortage of raw materials and spiralling transport costs. This has been mitigated somewhat by an improvement in sales mix that has generated increased gross margins and our ability to source materials from a wide range of suppliers has also helped.

Our logistics businesses, which operate predominantly in the UK, have benefited from increased consumer demand online. Whilst we anticipate that this may soften slightly as the economy opens up it is expected to remain a focus for us in the future. As a result, this part of the group continues to trade well.

All of our companies have to date been able to trade throughout the Covid affected period and it is assumed that this will continue. No structural changes are required in order to achieve this.

With regard to bank facilities, these fall into two main categories:

- Invoice Finance facilities - these provide working capital funding for many of the group companies, particularly those in the UK.
- Senior debt loan facilities that were used to fund previous acquisitions.

The loan facilities are fully drawn, but the invoice finance facilities are not. Whilst the drawn balance on invoice finance facilities fluctuates according to need, those facilities have never been fully drawn and there is no expectation that they will be. This is supported by the forecasts, which assume no additional draw on these facilities and suggest that considerable headroom will remain available. Cash balances and availability against these facilities are actively monitored by group management on a weekly basis.

Cathay Investments Limited

Notes to the Financial Statements for the Year Ended 30 December 2020

3 Accounting policies (continued)

Going concern (continued)

The bank facilities contain certain covenants that need to be met. The principal covenants relate to leverage and debt service, ratios that take a measure of EBITDA divided by debt and a measure of cash flow divided by debt service respectively. Our leverage must remain below 2.75x in 2021 and below 2.50x thereafter. Our cash flows must remain above 1.2x debt service requirements. These covenants have been met throughout 2020 and the forecasts indicate that they will continue to be met.

New and extended facilities on these terms were signed in December 2020 and secure funding for the group until Q1 2025.

In forming their conclusion the directors have also considered various alternative scenarios, principally incorporating unexpected falls in sales into the forecast. In all scenarios the forecasts show continued strong levels of cash and continuing availability against invoice finance facilities. This also ignores any further mitigating actions that management could take if required, for example, further working capital management and/or cost reductions.

As a consequence the directors consider it appropriate to adopt the going concern basis for these accounts.

Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 30 December 2020.

Some of the subsidiary undertakings have a reporting date of 31 December 2020. This is not deemed to be materially different to the Cathay Investments Limited reporting date.

No income statement is presented for the company as permitted by section 408 of the Companies Act 2006. The company made a loss after tax for the financial year of £1,568,047 (2019 - £566,113).

A subsidiary is an entity controlled by the company. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full on consolidation.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Revenue recognition

Revenue arises mainly from the sale of chemical related products (including non-woven materials and composite materials) and medical related products (including instruments and medical equipment).

To determine whether to recognise revenue, the group follows a 5-step process:

- 1 Identifying the contract with a customer
- 2 Identifying the performance obligations
- 3 Determining the transaction price
- 4 Allocating the transaction price to the performance obligations
- 5 Recognising revenue when/as performance obligation(s) are satisfied.

The group often enters into transactions involving a range of the group's products and services. In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties. Revenue is recognised either at a point in time or over time, when (or as) the group satisfies performance obligations by transferring the promised goods or services to its customers.

The group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other payables in the statement of financial position. Similarly, if the group satisfies a performance obligation before it receives the consideration, the group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

For the sale of chemicals and medical products revenue is recognised when the risks and rewards of ownership of the goods have transferred to the buyer which is usually at the point the customer has signed for delivery of the goods.

Cathay Investments Limited

Notes to the Financial Statements for the Year Ended 30 December 2020

3 Accounting policies (continued)

Government grant

The company and group has benefited from government grant support, in light of the Coronavirus pandemic, by way of the Coronavirus Job Retention Scheme (CJRS). These grants were received to compensate the company and group for the wages, associated national insurance and employers pension contributions of employees on furlough leave.

The CJRS grants are recognised at the date at which it is reasonably assured that the company and group will comply with the conditions attached and the grants will be received. The CJRS grants are recognised within other income in the Statement of Comprehensive Income and not netted against the wages and salaries expenses.

Foreign currency transactions and balances

The individual financial statements of each group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group company are expressed in pounds sterling, which is the functional currency of the company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in foreign currencies are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of the reporting period, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences are recognised in profit or loss in the period in which they arise.

All other exchange differences are recognised in the statement of comprehensive income in the period in which they are incurred.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations are translated at exchange rates prevailing on the statement of financial position date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

Tax

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

The tax currently payable is based on the taxable profit for the period. Taxable profit differs from profit before tax as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods and items that are never taxable or deductible. The group's and company's corporation tax liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end the reporting period.

Deferred tax is tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that such taxable profits will be available, against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profits nor the accounting profit.

The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case deferred tax is also dealt within equity.

Cathay Investments Limited

Notes to the Financial Statements for the Year Ended 30 December 2020

3 Accounting policies (continued)

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any recognised impairment loss. The group and the company recognises the carrying amount of property, plant and equipment, and the subsequent costs of replacing part of such items when there is an indication of future economic benefit. All other costs are recognised in the statement of comprehensive income as an expense as they are incurred.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

Depreciation

Property, plant and equipment is not depreciated until it is brought into use.

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction, over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Land and buildings	
- Freehold buildings	2% per annum straight line
- Leasehold improvements	13 years straight line
- Short term leasehold property	Over the life of the lease
Other property, plant and equipment	
- Plant and machinery	Between 4 and 8 years per annum straight line and 33% per annum reducing balance
- Fixtures and fittings	15-33% per annum reducing balance
- Equipment	25-33% per annum reducing balance

In the case of right-of-use assets, expected useful lives are determined by reference to comparable owned assets or the lease term, if shorter. Material residual value estimates and estimates of useful life are updated as required, but at least annually.

Business combinations

The acquisition method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill. If, after reassessment, the group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss. Acquisition costs are expensed as incurred.

Goodwill

Goodwill comprises goodwill arising on consolidation and goodwill arising at acquisition.

Goodwill arising on consolidation represents the excess of the cost of acquisition over the group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in profit and loss and is not subsequently reversed.

For the purposes of impairment testing, goodwill is allocated to units of the business to which independent cash flows can largely be attributed ("cash-generating units"). Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently where there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

On disposal of a cash-generating unit the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Cathay Investments Limited

Notes to the Financial Statements for the Year Ended 30 December 2020

3 Accounting policies (continued)

Intangible assets

Intangible assets are stated at cost less accumulated amortisation and any recognised impairment loss.

Customer-related intangible assets acquired in a business combination are recognised at fair value at the acquisition date.

Amortisation

Other intangible fixed assets are not depreciated until they are brought into use.

Goodwill is not subject to amortisation but is tested for impairment.

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Amortisation method and rate
Licenses	5 years per annum straight line
Customer lists	5 years per annum straight line

Leasing

All leases are negotiated on an individual basis and contain a wide variety of different terms and conditions.

The company and group assesses whether a contract is or contains a lease at inception of the contract. A lease conveys the right to direct the use and obtain substantially all of the economic benefits of an identified asset for a period of time in exchange for consideration.

Measurement and recognition of leases as a lessee:

At the lease commencement date, the company and group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which comprises of the initial measurement of the liability, any initial direct costs incurred by the company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date.

The company and group depreciates right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The company and group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the company and group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the company's or group incremental borrowing rate because as the lease contracts are negotiated with third parties it is not possible to determine the interest rate that is implicit in the lease. The incremental borrowing rate is the estimated rate that the company and group would have to pay to borrow the same amount over a similar term, and with similar security to obtain an asset of equivalent value.

Subsequent to initial measurement, the liability will be reduced by lease payments that are allocated between repayments of principal and finance costs. The finance cost is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

The company and group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Investments

Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term, highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. This definition is also used for the statement of cash flows.

Cathay Investments Limited

Notes to the Financial Statements for the Year Ended 30 December 2020

3 Accounting policies (continued)

Trade and other receivables

Trade and other receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the statement of comprehensive income.

Inventories

Inventories are stated at the lower of cost and net realisable value. Across the group cost is determined using either the first-in, first-out (FIFO) method or the weighted-average cost method.

Cost includes all directly attributable expenditure necessary to bring the stocks to their existing condition and location.

An allowance is recorded for obsolescence.

Trade and other payables

Trade and other payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the statement of comprehensive income over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Provisions

Provisions are recognised where a legal or constructive obligation has been incurred which will probably lead to an outflow of resources that can be reasonably estimated. Provisions are recorded for the estimated ultimate liability that is expected to arise, taking into account the time value of money. A contingent liability is disclosed where the existence of the obligations will only be confirmed by future events, or where the amount of the obligation cannot be measured with reasonable reliability.

Impairment of non-financial assets

At the end of each reporting period, the group reviews the carrying amount of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Redeemable preference shares have the characteristics of a liability and are recognised in the statement of financial position as a liability, net of issue costs.

Cathay Investments Limited

Notes to the Financial Statements for the Year Ended 30 December 2020

3 Accounting policies (continued)

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

Defined contribution pension obligation

Payments to group defined contribution retirement benefit schemes are charged as an expense as they fall due.

Financial assets and liabilities

Recognition and derecognition

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs. Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

In the periods presented the group does not have any financial assets categorised as FVTPL or FVOCI.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions:

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Impairment of financial assets

Recognition of credit losses is no longer dependent on the group first identifying a credit loss event. Instead the group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument. In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1'); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Cathay Investments Limited

Notes to the Financial Statements for the Year Ended 30 December 2020

3 Accounting policies (continued)

Financial assets and liabilities (continued)

Trade and other receivables and contract assets

The group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. The group assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics.

Classification and measurement of financial liabilities

The group's financial liabilities include borrowings, leases, trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the group designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

All interest-related charges are reported in profit or loss and are included within finance costs or finance income.

4 Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the group's and company's accounting policies, the following judgements and key assumptions concerning the future have had the most significant effect on the amounts recognised in the financial statements:

Deferred tax assets

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Significant assumptions are made in estimating the level of future profits, including market conditions and growth rates. Changes in these assumptions could affect the recognition of deferred tax assets.

Provisions

Provisions are recognised when management are satisfied that an outflow of economic benefits is probable and a reliable estimate can be made of the obligation. The determination of the provision requires significant judgement.

Leases - Incremental borrowing rate

At the commencement date of a lease, the company measures the lease liability as the present value of the lease payments unpaid at that date, discounted using the company's incremental borrowing rate (IBR).

The IBR is the estimated rate that the company would have to pay to borrow the same amount over a similar term, and with similar security to obtain an asset of equivalent value. A different IBR has been selected for each class of leased asset; buildings, cars, commercial equipment and office equipment.

In determining the IBR for each class of leased asset, current commercially available information for comparable lease types were reviewed and the most appropriate rates selected. The determination of the IBR requires significant judgement.

Impairment of property, plant and equipment and intangible assets

The group tests goodwill, at least annually for impairment, and tests all other tangible and intangible assets when indicators of impairment exist. Impairment is determined with reference to the higher of net realisable value and value in use. Value in use is estimated using adjusted future cash flows from the cash-generating unit and a suitable discount rate in order to calculate present value. Significant other assumptions about future events, including future market conditions and future growth rates, are made in estimating future cash flows. Changes in these assumptions could affect the outcome of impairment reviews.

Goodwill and intangible assets

The group establishes a reliable estimate of the useful life of goodwill and intangible assets arising on business combination. This estimate is based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which any goodwill is attributed, any legal or regulatory provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

Inventory valuation

Inventories are stated at the lower of cost and net realisable value. The determination of inventory provisions requires significant judgement. In making this judgement the group evaluates amongst other factors the age and physical condition of inventory and its expected saleability based on forecast demand for the products taking into account expected trading conditions.

Cathay Investments Limited

Notes to the Financial Statements for the Year Ended 30 December 2020

5 Revenue

The analysis of the group's revenue for the year from continuing operations is as follows:

	2020 £	2019 £
Revenue from contracts with customers	<u>66,543,455</u>	<u>101,450,039</u>

In the following tables, revenue from contracts with customers is disaggregated by primary geographical market, major product and service lines and timing of revenue recognition:

	2020 £	2019 £
Primary geographical markets		
UK	12,304,159	20,608,204
Europe	41,438,101	67,876,194
Rest of world	<u>12,801,195</u>	<u>12,965,641</u>
	<u>66,543,455</u>	<u>101,450,039</u>

	2020 £	2019 £
Major products and service lines		
Chemicals related products	65,163,316	99,970,908
Medical related products	660,139	914,131
Management charges	<u>720,000</u>	<u>565,000</u>
	<u>66,543,455</u>	<u>101,450,039</u>

	2020 £	2019 £
Timing of revenue recognition		
Products transferred at a point in time	65,823,455	100,885,039
Services transferred over time	<u>720,000</u>	<u>565,000</u>
	<u>66,543,455</u>	<u>101,450,039</u>

6 Operating profit

Arrived at after charging/(crediting):

	Note	2020 £	2019 £
Depreciation expense	12	1,950,976	1,797,419
Amortisation expense	13	313,374	444,973
Foreign exchange losses/(gains)		860,669	(677,528)
Profit on disposal of property, plant and equipment		-	(6,127)
Exceptional item - redundancy costs	8	73,162	55,421
Exceptional item - aborted transaction and other legal costs		47,828	181,533
Exceptional item - warehouse and premises reorganisation		-	44,604
Exceptional item - impairment of goodwill	13	-	621,510
Exceptional item - loan refinancing		44,913	-
Exceptional item - other		<u>14,076</u>	<u>10,487</u>

Cathay Investments Limited**Notes to the Financial Statements for the Year Ended 30 December 2020****7 Finance income and costs**

	2020	2019
	£	£
Finance income		
Interest income on bank deposits	3,944	1,394
Interest income on inter group loans	-	1,876
Total finance income	<u>3,944</u>	<u>3,270</u>
Finance costs		
Interest on bank overdrafts and borrowings	(797,243)	(822,985)
Interest on leased assets	(166,740)	(132,789)
Interest expense on inter group loans	(775)	-
Other finance costs	(98,638)	(118,696)
Total finance costs	<u>(1,063,396)</u>	<u>(1,074,470)</u>
Net finance costs	<u>(1,059,452)</u>	<u>(1,071,200)</u>

8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2020	2019
	£	£
Wages and salaries	11,037,421	11,491,438
Social security costs	1,449,043	1,848,046
Pension and other post-employment benefit costs	1,003,493	1,044,092
Redundancy and payment in lieu	73,162	302,498
	<u>13,563,119</u>	<u>14,686,074</u>

During the year, the company and group received government grant support by way of the Coronavirus Job Retention Scheme (CJRS). The total grant income received was £110,479 which is included within other income in the statement of comprehensive income. The staff costs are shown gross of the CJRS grants received.

The average number of persons employed by the group (including directors) during the year, analysed by category was as follows:

	2020	2019
	No.	No.
Production	148	157
Administration and support	97	94
	<u>245</u>	<u>251</u>

9 Directors' remuneration

The directors' remuneration for the year was as follows:

	2020	2019
	£	£
Remuneration	<u>140,244</u>	<u>143,519</u>

10 Auditor's remuneration

	2020	2019
	£	£
Audit of the financial statements	32,500	17,500
Audit of the financial statements of subsidiaries of the company pursuant to legislation	130,000	150,000
	<u>162,500</u>	<u>167,500</u>
Other fees to auditors		
Taxation compliance services	<u>20,250</u>	<u>20,250</u>

Cathay Investments Limited**Notes to the Financial Statements for the Year Ended 30 December 2020****11 Tax**

Tax charged/(credited) in the income statement:

	2020	2019
	£	£
Current taxation		
UK corporation tax on profits for the period	-	32,888
Adjustments in respect of previous periods	111,257	(93,777)
Foreign tax	611,807	694,063
Total current income tax	<u>723,064</u>	<u>633,174</u>
Deferred taxation		
Arising from origination and reversal of temporary differences	(27,109)	(36,543)
Adjustments in respect of previous periods	(2,237)	(124,085)
Total deferred taxation	<u>(29,346)</u>	<u>(160,628)</u>
Tax expense in the income statement	<u><u>693,718</u></u>	<u><u>472,546</u></u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2019 - higher than the standard rate of corporation tax in the UK) of 19% (2019 - 19%).

The differences are reconciled below:

	2020	2019
	£	£
(Loss)/profit before tax	<u>(331,171)</u>	<u>1,942,841</u>
Corporation tax at standard rate	(62,922)	369,140
(Increase)/decrease in current tax from adjustment for prior periods	111,257	(93,777)
Current tax losses utilised	37,998	-
Increase from effect of capital allowances depreciation	-	3,948
Increase from effect of different foreign tax rates on some earnings	320,794	137,616
Decrease from effect of revenues exempt from taxation	(342,582)	(101,718)
Increase from effect of expenses not deductible in determining taxable profit	294,612	298,970
Increase/(decrease) from effect of foreign exchange	5,338	(7,652)
Deferred tax credit relating to changes in tax rates or laws	(1,963)	(16,009)
Decrease in deferred tax from adjustment for prior periods	(2,237)	(124,502)
Deferred tax not recognised	<u>333,423</u>	<u>6,530</u>
Total tax charge	<u><u>693,718</u></u>	<u><u>472,546</u></u>

Deferred tax**Group**

Deferred tax assets and liabilities

	Asset	Liability	Net deferred tax
	£	£	£
2020			
Accelerated tax depreciation	69,151	(173)	68,978
Other items	-	(903,122)	(903,122)
Tax losses carry-forwards	419	-	419
	<u>69,570</u>	<u>(903,295)</u>	<u>(833,725)</u>
2019			
Accelerated tax depreciation	63,785	(214)	63,571
Other items	281	(927,059)	(926,778)
Tax losses carry-forwards	136	-	136
	<u>64,202</u>	<u>(927,273)</u>	<u>(863,071)</u>

Cathay Investments Limited**Notes to the Financial Statements for the Year Ended 30 December 2020****11 Tax (continued)**

Deferred tax movement during the year:

	At 31 December 2019	Recognised in income	At 30 December 2020
	£	£	£
Accelerated tax depreciation	63,571	5,407	68,978
Other items	(926,778)	23,656	(903,122)
Tax losses carry-forwards	136	283	419
Net tax assets/(liabilities)	<u>(863,071)</u>	<u>29,346</u>	<u>(833,725)</u>

Deferred tax movement during the prior year:

	At 31 December 2018	Recognised in income	At 30 December 2019
	£	£	£
Accelerated tax depreciation	38,123	25,448	63,571
Other items	(1,079,749)	152,971	(926,778)
Tax losses carry-forwards	17,927	(17,791)	136
Net tax assets/(liabilities)	<u>(1,023,699)</u>	<u>160,628</u>	<u>(863,071)</u>

Company

Deferred tax assets and liabilities

	Asset	Liability	Net deferred tax
	£	£	£
2020			
Accelerated tax depreciation	<u>-</u>	<u>(173)</u>	<u>(173)</u>

	Asset	Liability	Net deferred tax
	£	£	£
2019			
Accelerated tax depreciation	-	(214)	(214)
Other items	281	-	281
	<u>281</u>	<u>(214)</u>	<u>67</u>

Deferred tax movement during the year:

	At 31 December 2019	Recognised in income	At 30 December 2020
	£	£	£
Accelerated tax depreciation	(214)	41	(173)
Other items	281	(281)	-
Net tax assets/(liabilities)	<u>67</u>	<u>(240)</u>	<u>(173)</u>

Deferred tax movement during the prior year:

	At 31 December 2018	Recognised in income	At 30 December 2019
	£	£	£
Accelerated tax depreciation	(141)	(73)	(214)
Other items	17,791	(17,510)	281
Net tax assets/(liabilities)	<u>17,650</u>	<u>(17,583)</u>	<u>67</u>

Cathay Investments Limited**Notes to the Financial Statements for the Year Ended 30 December 2020****12 Property, plant and equipment
Group**

	Land and buildings £	Other property, plant and equipment £	Total £
Cost of valuation			
At 31 December 2018	8,708,767	35,605,497	44,314,264
Adjustment to transition to IFRS 16	1,230,343	1,010,739	2,241,082
Additions	162,440	672,850	835,290
Disposals	-	(27,854)	(27,854)
Foreign exchange movements	(462,065)	(1,882,598)	(2,344,663)
At 30 December 2019	9,639,485	35,378,634	45,018,119
At 31 December 2019	9,639,485	35,378,634	45,018,119
Additions	190,147	1,135,197	1,325,344
Disposals	(60,258)	(235,695)	(295,953)
Foreign exchange movements	469,563	1,848,949	2,318,512
At 30 December 2020	10,238,937	38,127,085	48,366,022
Depreciation			
At 31 December 2018	4,414,369	30,471,608	34,885,977
Charge for the year	381,673	1,415,746	1,797,419
Eliminated on disposals	-	(27,854)	(27,854)
Foreign exchange movements	(233,718)	(1,610,600)	(1,844,318)
At 30 December 2019	4,562,324	30,248,900	34,811,224
At 31 December 2019	4,562,324	30,248,900	34,811,224
Charge for the year	366,252	1,584,724	1,950,976
Eliminated on disposals	(60,258)	(235,695)	(295,953)
Foreign exchange movements	234,354	1,596,489	1,830,843
At 30 December 2020	5,102,672	33,194,418	38,297,090
Carrying amount			
At 30 December 2020	5,136,265	4,932,667	10,068,932
At 30 December 2019	5,077,161	5,129,734	10,206,895
At 31 December 2018	4,294,398	5,133,889	9,428,287

Included within the net book value of land and buildings above is £4,295,500 (2019 - £4,153,456) in respect of freehold land and buildings and £840,765 (2019 - £923,789) in respect of short leasehold land and buildings.

Included in the net carrying amount of property, plant and equipment are right-of-use assets as follows:

	2020 £	2019 £
Land and buildings	840,763	923,704
Other property, plant and equipment	701,381	594,487
	<u>1,542,144</u>	<u>1,518,191</u>

Cathay Investments Limited**Notes to the Financial Statements for the Year Ended 30 December 2020****12 Property, plant and equipment (continued)**
Company

	Other property, plant and equipment £	Total £
Cost or valuation		
At 31 December 2018	5,556	5,556
Adjustment to transition to IFRS 16	16,198	16,198
Additions	15,506	15,506
Disposals	(670)	(670)
At 30 December 2019	<u>36,590</u>	<u>36,590</u>
At 31 December 2019	36,590	36,590
Additions	461	461
At 30 December 2020	<u>37,051</u>	<u>37,051</u>
Depreciation		
At 31 December 2018	4,724	4,724
Charge for year	11,516	11,516
Disposals	(670)	(670)
At 30 December 2019	<u>15,570</u>	<u>15,570</u>
At 31 December 2019	15,570	15,570
Charge for year	11,790	11,790
At 30 December 2020	<u>27,360</u>	<u>27,360</u>
Carrying amount		
At 30 December 2020	<u>9,691</u>	<u>9,691</u>
At 30 December 2019	<u>21,020</u>	<u>21,020</u>
At 31 December 2018	<u>832</u>	<u>832</u>

Included in the net carrying amount of property, plant and equipment are right-of-use assets as follows:

	2020 £	2019 £
Other property, plant and equipment	<u>8,781</u>	<u>19,763</u>

Cathay Investments Limited**Notes to the Financial Statements for the Year Ended 30 December 2020****13 Intangible assets****Group**

	Goodwill	Customer lists	Other intangible assets	Total
	£	£	£	£
Cost of valuation				
At 31 December 2018	13,695,781	2,049,510	1,916,637	17,661,928
Foreign exchange movements	(619,019)	-	(62,796)	(681,815)
At 30 December 2019	13,076,762	2,049,510	1,853,841	16,980,113
At 31 December 2019	13,076,762	2,049,510	1,853,841	16,980,113
Foreign exchange movements	602,324	-	67,595	669,919
At 30 December 2020	13,679,086	2,049,510	1,921,436	17,650,032
Amortisation				
At 31 December 2018	-	1,911,310	657,991	2,569,301
Amortisation charge	-	138,200	306,773	444,973
Impairment	621,510	-	-	621,510
Foreign exchange movements	-	-	(4,431)	(4,431)
At 30 December 2019	621,510	2,049,510	960,333	3,631,353
At 31 December 2019	621,510	2,049,510	960,333	3,631,353
Amortisation charge	-	-	313,374	313,374
Foreign exchange movements	-	-	20,748	20,748
At 30 December 2020	621,510	2,049,510	1,294,455	3,965,475
Carrying amount				
At 30 December 2020	13,057,576	-	626,981	13,684,557
At 30 December 2019	12,455,252	-	893,508	13,348,760
At 31 December 2018	13,695,781	138,200	1,258,646	15,092,627

In accordance with IAS 36 we have carried out an impairment review of the goodwill, other intangible assets and right of use assets of each of our group companies which are considered to be separate cash generating units. This has been done by comparing the carrying value to the value in use. The assessment has been based on the 2021 budget prepared at the beginning of the year which includes a 5 year forecast. Key assumptions affecting the valuation include:

- Forecast EBITDA for each year, as a proxy for operating cash flow;
- Assessment of a terminal value after 5 years;
- Company specific growth rates of between 0% and 5%; and
- Cash flows discounted at the Weighted Average Cost of Capital of the group after applying a single company premium dependent on the characteristics of each company of between 5% and 20%.

No impairment is indicated where the value in use is higher than the carrying value.

Cathay Investments Limited

Notes to the Financial Statements for the Year Ended 30 December 2020

14 Investments

Details of the company subsidiaries as at 30 December 2020 are as follows:

Name of subsidiary	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held	
			2020	2019
Marpex Chemicals Limited*	Export and import of chemicals	England and Wales	100%	100%
Sussex Vision International Limited*	Dormant	England and Wales	100%	100%
Educational & Scientific Products Limited*	Sale and manufacture of equipment	England and Wales	100%	100%
Wellmar Limited*	Holding company	England and Wales	100%	100%
Cathay Composites Limited	Holding company	England and Wales	100%	100%
Cathay Composites SAS	Export and import of chemicals	France	100%	100%
Cathay Composites OY	Export and import of chemicals	Finland	100%	100%
Euroresins International GmbH*	Distribution of products	Germany	100%	100%
Euroresins UK Limited	Distribution of products	England and Wales	100%	100%
Euroresins Spain S.A.	Distribution of products	Spain	100%	100%
Euroresins France S.A.S	Distribution of products	France	100%	100%
Euroresins Scandinavia OY	Distribution of products	Finland	100%	100%
Euroresins Benelux BV	Distribution of products	Netherlands	100%	100%
Euroresins Italia S.r.L	Distribution of products	Italy	100%	100%
Euroresins Scandinavia AS	Distribution of products	Norway	100%	100%
Cathay Investments BV*	Holding company	Netherlands	100%	100%
Lantor BV	Development and manufacture of non-woven products	Netherlands	100%	100%
Lantor GmbH	Distribution of non-woven products	Germany	100%	100%

* indicates direct investment of the company

In line with the exemption allowed under section 479A of the Companies Act 2006 certain of the subsidiary companies of Cathay Investments Limited have been made exempt from requirements to have an audit under section 475 of the Companies Act 2006. In order to meet this exemption Cathay Investments Limited has pledged to guarantee all outstanding liabilities to which the relevant subsidiaries are subject to at the end of the financial year to which the guarantee relates until they are satisfied in full and that this guarantee is enforceable against the parent undertaking by any person to which the subsidiaries are liable in respect of those liabilities.

For the year ended 30 December 2020 the following subsidiaries were entitled to exemption from audit under section 479A of Educational & Scientific Products Limited (Registration number: 02437468)
Cathay Composites Limited (Registration number: 01121145)
Marpex Chemicals Limited (Registration number: 01762817)
Wellmar Limited (Registration number: 02583403)

Cathay Investments Limited**Notes to the Financial Statements for the Year Ended 30 December 2020****14 Investments (continued)****Summary of the company's investments**

	2020	2019
	£	£
Investments in subsidiaries	<u>33,313,808</u>	<u>33,313,808</u>
Subsidiaries		
Cost or valuation		
At 31 December 2018		33,039,952
Additions		742,606
Impairment		(468,750)
At 30 December 2019		<u>33,313,808</u>
At 31 December 2019		33,313,808
Additions		-
Impairment		-
At 30 December 2020		<u>33,313,808</u>
Carrying amount		
At 30 December 2020		<u>33,313,808</u>
At 30 December 2019		<u>33,313,808</u>
At 31 December 2018		<u>33,039,952</u>

Cathay Investments Limited

Notes to the Financial Statements for the Year Ended 30 December 2020

15 Leases

Lease liabilities are presented in the statement of financial position as follows:

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Current	751,045	505,143	7,750	11,148
Non-current	873,085	1,048,709	1,879	9,666
	<u>1,624,130</u>	<u>1,553,852</u>	<u>9,629</u>	<u>20,814</u>

Lease liabilities of £1,624,130 (2019 - £1,553,852) are secured over the leased assets in the group.

Group

Leasing activities by type of right-of-use asset recognised on balance sheet:

Right-of-use asset	No. of right-of-use assets leased	Range of remaining lease term	Average remaining lease term	No. of leases with extension options	No. of leases with termination options
Land and buildings	8	1 - 5 years	3 years	8	8
Other property, plant and equipment	70	1 - 5 years	2 years	69	69

Future minimum lease payments at 30 December 2020 were as follows:

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	After 5 years	Total
	£	£	£	£	£	£	£
30 December 2020							
Lease payments	856,552	475,618	262,247	142,114	98,707	-	1,835,238
Finance charges	(105,507)	(58,243)	(30,138)	(13,354)	(3,866)	-	(211,108)
Net present values	<u>751,045</u>	<u>417,375</u>	<u>232,109</u>	<u>128,760</u>	<u>94,841</u>	<u>-</u>	<u>1,624,130</u>

Future minimum lease payments at 30 December 2019 were as follows:

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	After 5 years	Total
	£	£	£	£	£	£	£
30 December 2019							
Lease payments	588,943	441,322	299,673	199,470	104,876	97,466	1,731,751
Finance charges	(83,801)	(48,743)	(24,638)	(12,172)	(5,807)	(2,739)	(177,899)
Net present values	<u>505,143</u>	<u>392,578</u>	<u>275,036</u>	<u>187,299</u>	<u>99,068</u>	<u>94,728</u>	<u>1,553,852</u>

Company

Leasing activities by type of right-of-use asset recognised on balance sheet:

Right-of-use asset	No. of right-of-use assets leased	Range of remaining lease term	Average remaining lease term	No. of leases with extension options	No. of leases with termination options
Other property, plant and equipment	3	1 - 2 years	1 years	2	2

Future minimum lease payments at 30 December 2020 were as follows:

	Within 1 year	1-2 years	Total
	£	£	£
30 December 2020			
Lease payments	8,813	1,955	10,768
Finance charges	(1,063)	(76)	(1,139)
Net present values	<u>7,750</u>	<u>1,879</u>	<u>9,629</u>

Cathay Investments Limited

Notes to the Financial Statements for the Year Ended 30 December 2020

15 Leases (continued)

Future minimum lease payments at 30 December 2019 were as follows:

	Within 1 year £	1-2 years £	2-3 years £	Total £
30 December 2019				
Lease payments	13,717	8,826	1,979	24,522
Finance charges	(2,569)	(1,063)	(76)	(3,708)
Net present values	11,148	7,763	1,903	20,814

The group and company recognised £nil (2019 - £nil) expense relating to payments for short-term leases, leases of low value assets and variable lease payments.

At the year end the group and company was not committed to any short-term leases.

Right-of-use assets

Group

	Land and buildings £	Other property, plant and equipment £	Total £
Gross carrying amount			
Balance at 31 December 2019	1,230,343	1,107,834	2,338,177
Additions	190,147	683,645	873,792
Disposals	(60,258)	(234,033)	(294,291)
Foreign exchange movements	22,990	37,135	60,125
Balance at 30 December 2020	1,383,222	1,594,581	2,977,803
Depreciation and impairment			
Balance at 31 December 2019	306,639	513,347	819,986
Depreciation	287,901	598,536	886,437
Disposals	(60,258)	(234,033)	(294,291)
Foreign exchange movements	8,177	15,350	23,527
Balance at 30 December 2020	542,459	893,200	1,435,659
Carrying amount 30 December 2020	840,763	701,381	1,542,144
Carrying amount 30 December 2019	923,704	594,487	1,518,191

Company

	Other property, plant and equipment £'000	Total £'000
Gross carrying amount		
Balance at 31 December 2019	30,443	30,443
Balance at 30 December 2020	30,443	30,443
Depreciation and impairment		
Balance at 31 December 2019	10,680	10,680
Depreciation	10,982	10,982
Balance at 30 December 2020	21,662	21,662
Carrying amount 30 December 2020	8,781	8,781
Carrying amount 30 December 2019	19,763	19,763

Cathay Investments Limited

Notes to the Financial Statements for the Year Ended 30 December 2020

16 Inventories

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Finished goods and goods for resale	<u>8,462,180</u>	<u>10,146,661</u>	<u>-</u>	<u>-</u>

The cost of group inventories recognised as an expense in the year amounted to £43,162,813 (2019 - £74,451,038). This is included within cost of sales.

The amount of write-down of group inventories recognised as an expense in the year is £41,639 (2019 - reversal of impairment £207,339). This is included within cost of sales.

17 Trade and other receivables

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Trade receivables	6,825,393	16,410,459	44,245	-
Receivables from related parties	2,392	42,251	-	65,282
Other prepayments	667,375	375,449	-	-
Other receivables	<u>253,733</u>	<u>170,127</u>	<u>55,344</u>	<u>24,589</u>
	<u>7,748,893</u>	<u>16,998,286</u>	<u>99,589</u>	<u>89,871</u>

The amortised cost of those trade and other receivables, classified as financial instrument loans and receivables are disclosed in the financial instruments note.

The group's exposure to credit and market risks, including impairments and allowances for credit losses, relating to trade and other receivables is disclosed in the financial risk management and impairment note.

At the previous year end an amount of €112,441 included in trade debtors of Euroresins Benelux BV was frozen by court order, the case has now been settled.

18 Cash and cash equivalents

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Cash at bank	6,872,663	2,464,477	740,588	168,281
Restricted cash	<u>-</u>	<u>578,144</u>	<u>-</u>	<u>-</u>
	<u>6,872,663</u>	<u>3,042,621</u>	<u>740,588</u>	<u>168,281</u>

Due to a court order in place at the previous year end an amount of cash totalling €679,551 was frozen in Euroresins Benelux BV and was not available for general use by the group, the case has now been settled.

19 Share capital

	2020		2019	
	No.	£	No.	£
Ordinary shares of £1 each	<u>340,287</u>	<u>340,287</u>	<u>340,287</u>	<u>340,287</u>

Cathay Investments Limited**Notes to the Financial Statements for the Year Ended 30 December 2020****20 Reserves****Group****Share capital**

Represents the nominal value of shares that have been issued.

Share premium

Represents the premium arising on the issue of shares net of issue costs.

Capital redemption reserve

Represents the amount of shares the company bought back.

Foreign currency translation reserve

Represents the reserve account on foreign currency translations.

Retained earnings

Includes all current and prior period retained profits and losses.

The changes to each component of equity resulting from items of other comprehensive income for the current year were as follows:

	2020	Total
	£	£
Foreign currency translation gains	<u>1,088,487</u>	<u>1,088,487</u>

The changes to each component of equity resulting from items of other comprehensive income for the prior year were as follows:

	2019	Total
	£	£
Foreign currency translation losses	<u>(1,085,449)</u>	<u>(1,085,449)</u>

Company**Share capital**

Represents the nominal value of shares that have been issued.

Share premium

Represents the premium arising on the issue of shares net of issue costs.

Capital redemption reserve

Represents the amount of shares the company bought back.

Retained earnings

Includes all current and prior period retained profits and losses.

Cathay Investments Limited

Notes to the Financial Statements for the Year Ended 30 December 2020

21 Loans and borrowings

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Non-current loans and borrowings				
Bank borrowings	16,138,700	16,534,807	16,138,700	16,534,807
Redeemable preference shares	3,300,000	3,300,000	3,300,000	3,300,000
	<u>19,438,700</u>	<u>19,834,807</u>	<u>19,438,700</u>	<u>19,834,807</u>
	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Current loans and borrowings				
Bank borrowings	2,000,000	1,460,560	2,000,000	1,460,560
Other borrowings	-	729,518	-	729,518
	<u>2,000,000</u>	<u>2,190,078</u>	<u>2,000,000</u>	<u>2,190,078</u>

Group

Bank borrowings

On 18 December 2020 the group, together with its related company Cathay Investments 2 Limited, refinanced their bank borrowings with HSBC Bank PLC. All the loans in Cathay Investments Limited are provided by HSBC Bank PLC and are denominated in sterling with a nominal interest rate of 3.0 - 4.0% above the LIBOR Rate, and with the final instalment due by 28 February 2025.

All bank borrowings are secured over all assets of material group companies.

Redeemable preference shares

The holders of the redeemable preference shares has the right to redeem such shares at par. The holders of the redeemable preference shares confirmed their intentions to hold the shares for more than one year. Accordingly, the redeemable preference shares are presented as a liability within non-current loans and borrowings in the statement of financial position.

The redeemable preference shares carry a 0% coupon rate.

The loans and borrowings classified as financial instruments are disclosed in the financial instruments note.

The group's exposure to market and liquidity risk, including maturity analysis, in respect of loans and borrowings is disclosed in the financial risk management and impairment note.

22 Pension and other schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charged for the year represents contributions payable by the group to the scheme and amounted to £1,003,493 (2019 - £1,044,092).

Contributions totalling £134,077 (2019 - £129,922) were payable to the scheme at the end of the year and are included in creditors.

Cathay Investments Limited**Notes to the Financial Statements for the Year Ended 30 December 2020****23 Other provisions****Group**

	Other provisions £	Total £
At 31 December 2019	815,061	815,061
Decrease in existing provisions	(89,235)	(89,235)
At 30 December 2020	<u>725,826</u>	<u>725,826</u>

Other provisions include closedown costs for certain overseas companies, potential insurance claim excess, staff benefit, dilapidation, environmental and long service award provisions.

24 Trade and other payables

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Trade payables	4,331,406	10,649,766	47,038	26,547
Accrued expenses	1,393,035	1,073,345	29,095	6,454
Amounts due to related parties	1,970,679	912,427	14,610,430	11,959,811
Social security and other taxes	886,065	822,485	24,666	20,006
Other payables	2,784,349	4,812,872	39,407	1,945
	<u>11,365,534</u>	<u>18,270,895</u>	<u>14,750,636</u>	<u>12,014,763</u>

Included within the other payables balance is an amount of £1,869,664 (2019 - £3,704,460) in respect of the group's invoice discounting facility. This amount is secured by fixed and floating charges over the group's assets.

The amortised cost of the trade and other payables classified as financial instruments are disclosed in the financial instruments note.

The group's exposure to market and liquidity risks, including maturity analysis, related to trade and other payables is disclosed in the financial risk management and impairment note.

25 Contingent liabilities**Company**

The company has given cross guarantees to the group's bankers in respect of borrowings by certain group companies. The amount guaranteed is £13,509,657 (2019 - £14,001,773). The company has also given a cross guarantee in support of a group VAT registration. The amount guaranteed is £38,456 (2019 - £26,114).

26 Financial instruments**Categories of financial instruments**

The group and the company held the following financial assets:

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Trade and other receivables	7,081,518	16,622,837	99,589	89,871
Cash and short-term deposits	6,872,663	3,042,621	740,588	168,281
	<u>13,954,181</u>	<u>19,665,458</u>	<u>840,177</u>	<u>258,152</u>

Cathay Investments Limited**Notes to the Financial Statements for the Year Ended 30 December 2020****26 Financial instruments (continued)**

The group and the company held the following financial liabilities:

	Note	Group		Company	
		2020	2019	2020	2019
		£	£	£	£
Trade and other payables	24	11,365,534	18,270,895	14,750,636	12,014,763
Bank borrowings		18,138,700	17,995,367	18,138,700	17,995,367
Lease liabilities		1,624,130	1,553,852	9,629	20,814
Other borrowings		-	729,518	-	729,518
Redeemable preference shares		3,300,000	3,300,000	3,300,000	3,300,000
		<u>34,428,364</u>	<u>41,849,632</u>	<u>36,198,965</u>	<u>34,060,462</u>

27 Financial risk management and impairment of financial assets

The group's and the company's activities expose it to a variety of financial risks: market risks, credit risk, liquidity risk, cash flow interest rate risk and fair value interest rate risk. The group's and the company's overall risk management programme focuses on the unpredictability of the marketplace and seeks to minimise potential adverse effects on the group's and the company's financial performance.

Risk management is carried out by the operating divisions under policies approved by the board of directors.

Market risk**Foreign exchange risk**

Exposures to currency exchange rates arise from the group's overseas sales and purchases, which are primarily denominated in Euros and US dollars. The group also holds subsidiaries in overseas territories which report in Euros, Norwegian Kroner and Swedish Kroner.

The group does not enter into forward exchange contracts in respect of translation differences arising from translating the results of overseas subsidiaries.

Cathay Investments Limited

Notes to the Financial Statements for the Year Ended 30 December 2020

27 Financial risk management and impairment of financial assets (continued)

Sensitivity analysis

The following table details the Group's sensitivity to a 10% increase and decrease in currency rates and the impact on profit and loss and equity. The 10% sensitivity rate applied to foreign currency represents management's assessment of the reasonably possible change in foreign exchange rates within a 12 month period. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The analysis includes the impact of financial derivatives. The results of the sensitivity analysis should not be considered as projections of likely future events, gains or losses as actual results may differ materially in the future as a result of developments in global financial markets impacting exchange rates and interest rates.

Year ended 30 December 2020	GBP/USD	GBP/EUR	GBP/SEK	EUR/USD	EUR/NOK	EUR/SEK	NOK/SEK	NOK/USD	SEK/USD
Total in the consolidated financial statements	(88,727)	(2,651,974)	-	831,875	(363,956)	647,931	(1,881)	(49)	(12,277)
Reasonable shift	10%	10%	10%	10%	10%	10%	10%	10%	10%
Total effect on profit + 10%	(8,873)	(265,197)	-	83,188	(36,396)	64,793	(188)	(5)	(1,228)
Total effect on profit - 10%	8,873	265,197	-	(83,188)	36,396	(64,793)	188	5	1,228
Year ended 30 December 2019	GBP/USD	GBP/EUR	GBP/SEK	EUR/USD	EUR/NOK	EUR/SEK	NOK/SEK	NOK/USD	SEK/USD
Total in the consolidated financial statements	67,603	(13,096,513)	(17,139)	1,036,321	(953,671)	1,162,230	-	-	-
Reasonable shift	10%	10%	10%	10%	10%	10%	10%	10%	10%
Total effect on profit + 10%	6,760	(1,309,651)	(1,714)	103,632	(95,367)	116,223	-	-	-
Total effect on profit - 10%	(6,760)	1,309,651	1,714	(103,632)	95,367	(116,223)	-	-	-

Cathay Investments Limited

Notes to the Financial Statements for the Year Ended 30 December 2020

27 Financial risk management and impairment of financial assets (continued)

Interest rate risk

The group's and company's interest rate risk arises from long term borrowings. Borrowings at variable rate expose the group and company to cash flow interest rate risk which is partially offset by cash held at variable rates.

Sensitivity analysis

The sensitivity analysis below has been determined based on exposure to interest rates for the fixed term borrowings of the group and company subject to interest charges at the statement of financial position date. For floating rate liabilities the analysis is prepared assuming the amount of the liability outstanding at the statement of financial position date was outstanding for the whole year. The group's and company's assessment of the reasonably possible change in interest rates is 0.25% increase or decrease.

Based on bank borrowings at 30 December 2020 if interest rates were 0.25% higher (or lower) and all other variables were held constant, the group's net profit would decrease (or increase) by £45,347.

Credit risk and impairment

The group's and the company's exposure to credit risk is limited to the carrying value of financial assets recognised at the year end. The maximum exposure to credit risk in relation to trade receivables is equivalent to the year end balance. The group continuously monitors the creditworthiness of customers and other counterparties. The group's and the company's policy is to deal only with creditworthy counterparties. The group benefits from credit insurance on some of its trade receivables.

The group and the company is not exposed to any significant credit risk exposure to any single counterparty or any company of counterparties having similar characteristics. The credit risk for cash and cash equivalents is considered negligible since the counterparties are reputable banks with high quality external credit ratings.

Impairment losses on financial assets recognised in profit or loss were as follows:

	2020 £	2019 £
Impairment (reversal)/loss on trade receivables	<u>(245,806)</u>	<u>246,939</u>

Past due and impaired financial assets

The directors consider that all the above financial assets that are not impaired for each of the reporting dates under review are of good quality credit, based on financial information and past trading history, including those that are past due.

Liquidity risk

Liquidity needs are monitored carefully on a day-to-day basis. Longer term liquidity needs are assessed through monthly, quarterly, and annual cash flow forecasts.

Maturity analysis

	Within 1 year £	After 1 year £	Total £
2020			
Bank borrowings	2,000,000	16,138,700	18,138,700
Redeemable preference shares	-	3,300,000	3,300,000
Leases	751,045	873,085	1,624,130
Other borrowings	-	-	-
	<u>2,751,045</u>	<u>20,311,785</u>	<u>23,062,830</u>
2019			
Bank borrowings	1,460,560	16,534,807	17,995,367
Redeemable preference shares	-	3,300,000	3,300,000
Leases	505,143	1,048,709	1,553,852
Other borrowings	729,518	-	729,518
	<u>2,695,221</u>	<u>20,883,516</u>	<u>23,578,737</u>

Cathay Investments Limited

Notes to the Financial Statements for the Year Ended 30 December 2020

27 Financial risk management and impairment of financial assets (continued)

Capital risk management

Capital components

Total capital is calculated as equity, as shown in the consolidated statement of financial position, plus debt.

Externally imposed capital requirements

The group has no externally imposed capital requirements.

Capital management

The group's policy is to maintain a strong capital base with a view to underpinning shareholder and creditor confidence and sustaining the future development of the business. Capital consists of ordinary shares, share premium, other capital reserves, retained earnings, preference shares and other debt. The group monitors performance at both a corporate and individual asset level and sets internal guidelines for interest cover and gearing. The group manages the capital structure and makes changes to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

The amounts managed as capital by the group and the company for the reporting periods under review are summarised as follows:

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Share capital	340,287	340,287	340,287	340,287
Share premium	406,230	406,230	406,230	406,230
Capital redemption reserve	153,533	153,533	153,533	153,533
Foreign currency translation reserve	(316,493)	(1,404,980)	-	-
Retained earnings	10,201,263	11,226,152	(2,935,512)	(1,367,465)
Bank borrowings	18,138,700	17,995,367	18,138,700	17,995,367
Redeemable preference shares	3,300,000	3,300,000	3,300,000	3,300,000
Other borrowings	-	729,518	-	729,518
	<u>32,223,520</u>	<u>32,746,107</u>	<u>19,403,238</u>	<u>21,557,470</u>

28 Related party transactions

Key management personnel

B Chaing, director

K Johnson, director

Key management compensation

	2020	2019
	£	£
Salaries and other short term employee benefits	<u>140,244</u>	<u>143,519</u>

Summary of transactions with parent company

During the year, Chaing Equities Limited continued to provide a loan to the group. During the year, Chaing Equities Limited recharged insurance costs to Cathay Investments Limited of £64,825 (2019 - £nil). The amount due to Chaing Equities Limited at the year end is £914,737 (2019 - £912,427).

Cathay Investments Limited

Notes to the Financial Statements for the Year Ended 30 December 2020

28 Related party transactions (continued)

Summary of transactions with entities with joint control or significant interest

Cathay Investments 2 Limited and its subsidiary companies, related due to common control

Cathay Investments Limited recharged costs to Cathay Investments 2 Limited and its subsidiary companies of £178,313 (2019 - £89,333). During the year the group charged management expenses of £720,000 (2019 - £565,000) to Cathay Investments 2 Limited and its subsidiary companies.

During the year the group was invoiced for services of £417,299 (2019 - £564,160) by Cathay Investments 2 Limited and its subsidiary companies.

During the year, Cathay Investments 2 Limited continued to provide a loan to the group and advanced an amount of £2,267,320 (2019 - £610,224) during the year. The group made loan repayments of £1,200,403 (2019 - £1,941,899) during

The group has given cross guarantees in respect of borrowings by Cathay Investments 2 Limited. The total amount of contingencies not included in the balance sheet is £12,134,440 (2019 - £12,301,075).

At the end of the year the amount payable to Cathay Investments 2 Limited and its subsidiary companies was £1,053,550 (2019 - receivable to £42,251).

Summary of transactions with other related parties

S Chaing, son of B Chaing

During the year the loan provided by S Chaing to the company was fully repaid. At the year end the amount due to S Chaing was £nil (2019 - £729,518).

All loans are interest free and repayable on demand.

Income and receivables from related parties

	Entities with joint control or significant influence £
2020	
Receipt of services	720,000
Recharged costs	178,313
	<u>898,313</u>
Amounts receivable from related party	<u>2,392</u>
	Entities with joint control or significant influence £
2019	
Receipt of services	565,000
Recharged costs	89,333
	<u>654,333</u>
Amounts receivable from related party	<u>42,251</u>

Cathay Investments Limited

Notes to the Financial Statements for the Year Ended 30 December 2020

28 Related party transactions (continued)

Expenditure with and payables to related parties

	Parent company £	Entities with joint control or significant influence £
2020		
Rendering of services	64,825	417,299
Settlement of liabilities	(62,515)	(1,200,403)
Provision of loan	-	2,267,320
	<u>2,310</u>	<u>1,484,216</u>
Amounts payable to related party	<u>914,737</u>	<u>1,055,942</u>

	Parent company £	Entities with joint control or significant influence £
2019		
Rendering of services	-	564,160
Settlement of liabilities	16,573	2,271,899
Provision of loan	-	(610,224)
	<u>16,573</u>	<u>2,225,835</u>
Amounts payable to related party	<u>912,427</u>	<u>-</u>

Loans from other related parties

	Other related parties £
2020	
At start of period	729,518
Repaid during the year	(729,518)
At end of period	<u>-</u>

	Other related parties £
2019	
At start of period	1,000,000
Repaid during the year	(270,482)
At end of period	<u>729,518</u>

29 Controlling party

The company's immediate parent company is Chaing Equities Limited, incorporated in England and Wales.

The ultimate controlling party is B Chaing and members of his close family, who control, directly or indirectly, 100% of the share capital in Chaing Equities Limited.

The most senior parent entity producing publicly available financial statements is Chaing Equities Limited. These financial statements are available upon request from Cathay Investments Ltd, 43 Friends Road, Croydon, United Kingdom, CR0 1ED.