Sumika Polymer Compounds (Europe) Ltd

Annual report and consolidated financial statements

Registered number 2594323

31 March 2020

Contents

Company Information

Executive directors

L Seynave (President)

Non-executive directors

S Goda
M Onishi
K Matsumoto
Y Sasaki
K Semba
K Obata

Secretary and registered office

P Claydon
Sumika Polymer Compounds (Europe) Ltd
28 New Lane
Havant
Hampshire
PO9 2NQ

Statutory Auditor

KPMG LLP
Chartered Accountants
Gateway House
Tollgate
Chandlers Ford
Southampton, SO53 3TG

Banker

MUFG Bank, Ltd
Sumitomo Mitsui Banking Corporation Europe Ltd

Strategic Report

Principal activities

The Company acts principally as an investment holding company. The principal activity of the Group, thermoplastic compounding, remains unchanged from last year.

Review of business and future developments

The group profit before tax for the year was £2,000,000 (2019: £1,762,000). The year included eight month's of contribution from major acquisitions made in Turkey, which completed on 1 August 2019. Details of these new 100% owned subsidiary companies are given in Note 10. Their combined contribution for the part-year was a profit before tax of £433,000 before the associated amortisation of goodwill on consolidation of £600,000, contributing a net loss before tax of £167,000 to the group results. Before this contribution from the new acquisitions, the pre-existing businesses reported an increase of £405,000 in profit before tax compared with prior year. However, much of this increase was due to forex gains in the holding company. Therefore, the underlying result of the existing businesses is considered to be broadly flat on prior year. This level of performance is below our normal expectations, due to sustained pressure on volumes and margins and some impact from the COVID-19 at the very end of the year, as mentioned below.

The underlying performance of the Turkish acquisitions has been broadly in line with the original plan, after taking account of some large forex losses and certain integration costs. Similarly, the directors are pleased with the operational side of the three plants and the professionalism of the local teams. The businesses are familiar to us but also bring well-recognised, in-house recycling know-how into our group. Detailed analysis of the acquisitions is given in note 10, Fixed asset investments.

The end of the financial year was over-shadowed by the COVID-19 crisis. In March, sales volumes were down and some of our plants temporarily closed, following closures at our customers, but the financial effect was estimated at only £0.3M in the year, excluding the effect of crisis-related foreign exchange movements. Our priority is the safety of our people and comprehensive new working practices were developed in response and successfully implemented at all sites.

Development of new products and new markets, notably diversification outside of the automotive sector has continued. The acquisitions give opportunities for strong synergies, access to the important Turkish market, introduction of new products at the Turkish plants and expansion of recycled product capability in Europe.

Group debt has increased to fund the acquisitions, but long-term, fixed-rate bank loans have been secured, the repayments of which are comfortably covered by the enlarged Group's forecast cash generation. Bank borrowings continue to be under guarantees or letters of awareness from the Group's Japanese corporate shareholders that support the Group financially and provide additional business opportunities. The shareholders remain committed to the Group and its operations in Europe, India and Turkey, which form part of a global business supplying high performance plastic compounds mainly to the white goods and automotive sectors.

Since the year-end, activity in our markets collapsed in April due to the COVID-19 pandemic but recovered progressively during the following months in all our regions. Some government support was taken as described in Note 25, Subsequent events. At the present time, our markets are showing strong demand and short-term outlook in all regions and our plants are operating safely and efficiently but we remain cautious.

We await details of the final arrangements applying after the end of the Brexit transition period on 31 December 2020 but consider the Group to be well positioned having plants in the UK, EU and Turkey.

Key performance indicators

The key performance indicators for the Group include volumes and margins. The impact of these on the result for the period is set out above. Another KPI is Operating Profit as shown in the Profit and Loss account on page 10.

Strategic Report (continued)

Principal risks and uncertainties

The management of the business and the execution of the Group's strategy are subject to a number of risks. The key business risks and uncertainties affecting the Group are considered to relate to competition from national and international compounders and raw material price fluctuation. Brexit is an area of uncertainty regarding the implications of the UK's leaving the EU on 31 January 2020. COVID-19 has had a short-term impact on the business as discussed above and is an area of uncertainty in the longer term regarding the possible wider economic consequences.

Financial risk management

The Group is exposed to a variety of financial risks. The Group's overall risk management programme seeks to minimise potential risks for the group. The Board reviews and agrees policies for managing risks. The most important components of financial risk impacting the Group are price risk, interest rate risk, credit risk, foreign exchange risk and liquidity risk.

Financial risk management (continued)

The Group is exposed to commodity price risk as a result of its operations. In order to manage this exposure, the Group seeks to match its purchasing contracts to its sales contracts.

The Group's income is exposed to changes in interest rates. The Group finances its operations through share capital, long and short term bank loans, factoring, and overdrafts. The Group's borrowings are in sterling and euro with long term loans at fixed rates short term borrowings at floating rates of interest. Interest costs are minimised by taking flexible short-term loans and overdrafts to meet fluctuating requirements. Interest rate risk is mitigated by shareholder letters of guarantee to its lending banks.

Credit risk is the risk that a counterparty will be unable to pay amounts in full when duc. The Group's policy is to limit counterparty exposures by setting credit limits and performing credit checks on potential customers before sales are made. Credit insurance is taken where appropriate.

The Group makes 91% (2019:87.5%) of its sales outside the United Kingdom. Since a portion of purchases are also made in foreign currency, the Group aims to achieve a natural hedge and does not hedge the exposure in any other way. The principal foreign currency to which the Group is exposed is the Euro.

Liquidity risk is the risk that cash may not be available to pay obligations when due. This risk is managed centrally by the finance team using short-term debt finance. The Board is satisfied that the Company was not subject to significant liquidity risk as at the period-end.

Business environment

The Group operates within the global plastics business sector. This sector is experiencing long term growth, although volumes and margins in some segments within it are cyclical.

Strategy

The group is focussed on the automotive and white goods sectors. It also maintains its successful strategy of developing products for applications in other sectors, e.g. electronic and electrical, to take advantage of good opportunities and provide diversification.

By order of the board

P Claydon
Secretary

4th November 2020

Directors' Report

The directors present their report and the audited group financial statements for the year ended 31 March 2020.

Results and dividends

The Group's profit for the year is £1,262,000 (2019: £1,483,000). Dividends paid during the year comprise an interim dividend of 0.018p GBP (2019: 9.01 EUR) per share in respect of the year. No final dividend has been proposed for the year.

Research and development

The Group is committed to research and development activities in order to secure its position in the market. R&D costs expensed in the period are set out in note 4, whilst Development costs capitalised are shown in note 10.

Going concern

The financial statements have been prepared on the going concern basis. Further details including of the reliance upon financial support from the ultimate shareholders, are set out in note 1.2 to these financial statements.

Directors

The directors of the Company who held office during the period and up to the date of signing the financial statements were:

Executive directors

L Seynave	President
T Kitayama	(resigned 22 November 2019)

Non-executive directors

S Goda	
K Obata	
H Sakai	(resigned 4 August 2020)
K Semba	(appointed 5 August 2020)
M Onishi	
K Manabe	(resigned 31 March 2020)
Y Sasaki	(appointed 01 April 2020)
K Matsumoto	(appointed 23 November 2019)

The Company has provided an indemnity for its directors and the secretary, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

Political contributions

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year *(2019: £nil)*.

Section 172 (1) statement

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing this, section 172 requires a director to have regard, amongst other matters, to the:

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

Directors' Report *(continued)*

We set out below some examples of how the directors have had regard to the matters set out in section 172(1)(a)-(f) when discharging their section 172 duties in their decision making.

Covid-19 pandemic
The directors have taken a coordinated approach in response to the COVID-19 crisis to ensure the safety of staff and security of operations at all subsidiaries. This has included staff consultation, involvement and awareness training. At the same time, we have ensured that our deliveries to customers were not disrupted but, whilst demand was temporarily suppressed, we have closed our factories for short periods. The decision was taken to maintain all staff at full salaries at all locations across the group, irrespective of the level of government support in each country. Likewise, we have maintained normal relationships with suppliers. Supplier payments have been made as normal and we have not sought any changes to supplier payment terms. The directors believe these actions are the right thing to do and in the long-term interest of the Group.

Compliance
The directors oversee the compliance systems in each subsidiary and consider strong compliance with laws, regulations and other codes of conduct as being in the best interests of employees, their relationships with customers and suppliers and for the reputation of the Group as whole. The decision was taken during the year to create a new compliance and legal role in the Company as part of the continued development of our compliance activities across the Group.

Acquisitions in Turkey
As described above and in note 10 to the accounts, transformational acquisitions in Turkey were completed on 1 August 2019. This major step was taken with careful consultation between the directors and with the shareholders, all of whom gave their full support. The decision was driven by several key, long-term strategic priorities. One is to reinforce our relationships with global customers across their locations in each region of the world. The Group achieves this via its own plants in the UK, France, India and now, significantly, in Turkey, as well as more broadly in other parts of the world through other group companies of SCC, our ultimate parent company. Being in Turkey helps to secure and enhance the business at all of our locations, for the benefit of all our business partners as well as the Group. Another driver is environmental, as these acquisitions bring significant recycling operations and expertise into our Group, which will boost our efforts to directly make a difference to the environment, as well as increasing our exposure to fast growing markets for recycled product. Finally, Turkey is an important growth market for our business with opportunities to gain new business in the territory by leveraging the Group's core expertise. The directors have been monitoring the integration of the acquisitions to ensure that they maintain a high reputation for quality and integrity.

Dividend policy
No dividends had been paid for many years but after much stronger group performance for several successive years, dividends commenced in December 2018 at an amount of £889,000. A dividend policy was being developed in consultation with our shareholders, taking account of free cash after investment requirements in the businesses each year, and a further modest dividend of £200,000 was paid in December 2019. More recently, the directors took the decision to temporarily pause dividends as a precautionary measure due to the less favourable trading results and the COVID-19 crisis. However, the directors anticipate recommencing regular dividends as soon as it is prudent to do so.

Directors' Report *(continued)*

Greenhouse Gas reporting

	Current year 2019/20
	UK Operations
Energy consumption used to calculate emissions - KWh	**9,776,257**
Emissions from burning of gas - tCO_2e (scope 1)	**81**
Emissions from burning of fuel for on-site transport such as forklift trucks - tCO_2e (scope 1)	**42**
Emissions from business travel in rented or employee-owned cars where the company reimburses the cost of fuel - tCO_2e (scope 3)	**20**
Emissions from purchased electricity - tCO_2e (scope 2 location based)	**2,337**
Total gross tCO_2e based on above	**2,479**
Intensity ratio: direct tCO_2e/tonne of production of our finished product	**0.079**
Methodology	Mainly primary data

This is the first year of reporting GHG emissions and only current year amounts are disclosed. The above amounts are for the Group's UK operations only, being the Company and the Sumika Polymer Compounds (UK) Ltd. The option to exclude from the report any energy and carbon information relating to a subsidiary which the subsidiary would not itself be obliged to include if reporting on its own account has been taken.

The intensity ratio is based on energy usage directly related to our production activities.

Actions taken include converting to LED lighting in the factory and offices (during this financial year and prior year) and installation of adiabatic cooling and heat exchanger to replace cooling towers (prior year).

Methodologies used were to take actual meter readings/supplier invoices for electricity and gas, together with the use of estimates for company cars, and apply official conversion factors for CO_2e emissions. CO_2e (equivalent) is the universal unit of measurement to indicate the global warming potential (GWP) of GHGs, expressed in terms of the GWP of one unit of carbon dioxide.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Other information

An indication of likely future developments in the business, financial risk management and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 2 and the Subsequent Events note on page 43.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

P Claydon
Secretary

28 New Lane, Havant, Hampshire, PO9 2NQ

4th November 2020

Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SUMIKA POLYMER COMPOUNDS (EUROPE) LTD

Opinion

We have audited the financial statements of Sumika Polymer Compounds (Europe) Ltd ("the company") for the year ended 31 March 2020 which comprise the Consolidated Profit and Loss Account and Other Comprehensive Income, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Cash Flow Statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2020 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going concern

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

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

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

Strategic report and directors' report

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SUMIKA POLYMER COMPOUNDS (EUROPE) LTD (CONTINUED)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and 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 they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

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

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

C. J. Griffiths

Caroline Griffiths (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Gateway House
Tollgate
Chandlers Ford
Southampton, SO53 3TG
Date: 5 November 2020

Consolidated Profit and Loss Account and Other Comprehensive Income

for the year ended 31 March 2020

	Note	2020 £000	2019 £000
Turnover	*3*	**104,142**	87,676
Cost of sales		**(89,234)**	(75,243)
Gross profit		**14,908**	12,433
Distribution costs		**(6,681)**	(6,086)
Administrative expenses		**(5,821)**	(4,718)
Operating profit		**2,406**	1,629
Non-operating income		**303**	301
Interest receivable	*7*	**99**	71
Interest payable and similar expenses	*8*	**(808)**	(239)
Profit before taxation		**2,000**	1,762
Tax on profit	*9*	**(738)**	(279)
Profit for the financial year		**1,262**	1,483

Other comprehensive income

Foreign exchange differences on translation of foreign operations		**(1,234)**	(75)
Remeasurement of the net defined benefit asset		**1,246**	459
Income tax on other comprehensive income	*9*	**(397)**	(101)
Other comprehensive income for the year, net of income tax		**(385)**	283
Total comprehensive income for the year		**877**	1,766

The Profit and Loss account has been prepared on the basis that all operations are continuing operations.

The notes on pages 16 to 43 form an integral part of these financial statements.

Consolidated Balance Sheet
at 31 March 2020

	Note	2020 £000	£000	2019 £000	£000
Fixed assets					
Intangible assets	*10*		7,746		365
Tangible assets	*11*		22,712		16,439
Pension asset	*19*		4,757		2,981
			35,215		19,785
Current assets					
Stocks	*13*	19,502		19,542	
Debtors	*14*	20,683		17,109	
Cash at bank and in hand	*15*	676		584	
		40,861		37,235	
Creditors: amounts falling due within one year	*16*	(32,854)		(30,753)	
Net current assets			8,007		6,482
Total assets less current liabilities			43,222		26,267
Creditors: amounts falling due after more than one year	*17*	(18,538)		(2,910)	
Provisions for liabilities					
Deferred tax liability	*18*	(1,168)		(518)	
			(19,706)		(3,428)
Net assets			23,516		22,839
Capital and reserves					
Called up share capital	*21*		11,100		11,100
Revaluation reserve			5,042		5,042
Other reserves			649		649
Profit and loss account			6,725		6,048
Shareholders' funds			23,516		22,839

The notes on pages 16 to 43 form an integral part of these financial statements.

These financial statements were approved by the board of directors on 4th November 2020 and were signed on its behalf by:

L Seynave
President
Company registered number: 2594323

Company Balance Sheet
at 31 March 2020

	Note	2020 £000	£000	2019 £000	£000
Fixed assets					
Investments	*12*		22,966		7,724
Current assets					
Debtors including £4,027K (2019: £nil) due after more than one year	*14*	10,630		6,710	
Cash at bank and in hand		101		156	
		10,731		6,866	
Creditors: amounts falling due within one year	*16*	(4,547)		(3,321)	
Net current assets			6,184		3,545
Total assets less current liabilities			29,150		11,269
Creditors: amounts falling due after more than one year	*17*		(17,199)		-
Net assets			11,951		11,269
Capital and reserves					
Called up share capital	*21*		11,100		11,100
Profit and loss account			851		169
Shareholders' funds			11,951		11,269

The notes on pages 16 to 43 form an integral part of these financial statements.

These financial statements were approved by the board of directors on 4th November 2020 and were signed on its behalf by:

L Seynave
President

Company registered number: 2594323

Consolidated Statement of Changes in Equity

	Called up Share capital £000	Revaluation reserve £000	Reserve arising on consolidation £000	Profit & loss account £000	Total equity £000
Balance at 1 April 2018	11,100	5,042	649	5,171	21,962
Total comprehensive income for the period					
Profit or loss	-	-	-	1,483	1,483
Other comprehensive income	-	-	-	283	283
Total comprehensive income for the period	-	-	-	1,766	1,766
Transactions with owners, recorded directly in equity					
Dividends	-	-	-	(889)	(889)
Total contributions by and distributions to owners	-	-	-	(889)	(889)
Balance at 31 March 2019	**11,100**	**5,042**	**649**	**6,048**	**22,839**
Balance at 1 April 2019	11,100	5,042	649	6,048	22,839
Total comprehensive income for the period					
Profit or loss	-	-	-	1,262	1,262
Other comprehensive income	-	-	-	(385)	(385)
Total comprehensive income for the period	-	-	-	877	877
Transactions with owners, recorded directly in equity					
Dividends	-	-	-	(200)	(200)
Total contributions by and distributions to owners	-	-	-	(200)	(200)
Balance at 31 March 2020	**11,100**	**5,042**	**649**	**6,725**	**23,516**

The notes on pages 16 to 43 form an integral part of these financial statements.

Company Statement of Changes in Equity

	Called up Share capital	Profit and loss account	Total equity
	£000	£000	£000
Balance at 1 April 2018	11,100	(8,076)	3,024
Total comprehensive income for the period			
Profit or loss	-	9,134	9,134
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	9,134	9,134
Transactions with owners, recorded directly in equity			
Dividends	-	(889)	(889)
Total contributions by and distributions to owners	-	(889)	(889)
Balance at 31 March 2019	**11,100**	**169**	**11,269**
Balance at 1 April 2019	11,100	169	11,269
Total comprehensive income for the period			
Profit or loss	-	882	882
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	882	882
Transactions with owners, recorded directly in equity			
Dividends	-	(200)	(200)
Total contributions by and distributions to owners	-	(200)	(200)
Balance at 31 March 2020	**11,100**	**851**	**11,951**

The notes on pages 16 to 43 form an integral part of these financial statements.

Consolidated Cash Flow Statement
for year ended 31 March 2020

	Note	2020 £000	2019 £000
Cash flows from operating activities			
Profit for the year		1,262	1,483
Adjustments for:			
Depreciation, amortisation and impairment		2,832	1,846
Foreign exchange (gains)/losses		326	67
Non-operating income receivable		(303)	(301)
Interest receivable		(99)	(71)
Interest payable and similar charges		378	239
(Gain)/loss on disposal of fixed assets		(59)	10
Taxation		738	279
		5,075	3,552
(Increase)/decrease in trade and other debtors		(408)	1,374
(Increase)/decrease in stocks		1,492	(2,592)
(Decrease)/increase in trade and other creditors		(4,219)	(562)
(Decrease)/increase in provisions and employee benefits		(450)	(450)
		1,490	1,322
Interest received		19	10
Interest paid		(378)	(239)
Tax (paid)/recovered		(518)	(311)
Net cash from operating activities		613	782
Non-operating income received		303	301
Cash flows from investing activities			
Proceeds from sale of tangible fixed assets		121	18
Acquisition of tangible fixed assets	11	(1,288)	(2,656)
Acquisition of other intangible assets	10	(140)	(90)
Acquisition of subsidiary net of cash acquired	2	(14,866)	-
Net cash from investing activities		(16,173)	(2,728)
Cash flows from financing activities			
Dividend paid		(200)	(889)
Net movement on factoring borrowings		1,554	2,906
Proceeds from new loans		15,498	-
Repayment of borrowings		(462)	(2,576)
Net cash from financing activities		16,390	(559)
Net increase/(decrease) in cash and cash equivalents		1,133	(2,204)
Cash and cash equivalents at 1 April		(4,029)	(1,880)
Effect of exchange rate fluctuations on cash held		(147)	55
Cash and cash equivalents at 31 March	15	(3,043)	(4,029)

The notes on pages 16 to 43 form an integral part of these financial statements.

Notes
(forming part of the financial statements)

1 Accounting policies

Sumika Polymer Compounds (Europe) Ltd is a company limited by shares and incorporated and domiciled in England in the UK.

These Group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (*"FRS 102"*). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The parent company is included in the consolidated financial statements and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included;
- No separate parent company Cash Flow Statement with related notes is included; and
- Key Management Personnel compensation has not been included;
- Certain disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

The Group has reported an operating profit of £2,406,000 (2019: £1,629,000) for the year ended 31 March 2020, and an operating cash inflow of £613,000 (2019: £782,000).

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons. The directors have prepared cash flow forecasts for a period of 17 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the Company and the Group will have sufficient funds through its overdraft, bank loan and factoring facilities.

Those forecasts take account of the matters set out in the Strategic report under the headings of Review of business and future developments and Principal risks and uncertainties, in particular the risks of further lockdowns or restrictions related to COVID-19. Multiple scenarios have been modelled for each subsidiary company, taking account of the mix of business and anticipated market conditions in the respective territories. These models include base-case scenarios, in which sales volumes in each company are down by between 17% and 27% in 2020/21 full year and down by 2% to 5% in 2021/22; and worst case scenarios in which sales are down by between 23% and 33% in 2020/21 full year and down by 10% for 2021/22. All variances are stated compared with budgets for the respective periods and those budgets themselves include some modest underlying growth for 2021/22, particularly in France and Turkey, notwithstanding the COVID-19 pandemic. In addition, the forecasts have been subject to an overlay of the possible impact in the event of there not being any trade deal between the UK and EU after 31 December 2020, including the imposition of tariffs on the Group's EU imports and exports, assumed at 6% and 6.5% respectively.

Trading to date has been in line with this range of scenarios and progressive recovery has been seen in our markets since April, with Group sales volume reaching above the base case forecast level in September.

In order to secure the Group's financial position, certain borrowing facilities have been extended or expanded, as described in note 25, Subsequent events. These actions, together with recent managed reductions in excess stocks, have maintained and enhanced the Group's financial headroom. Undrawn bank facilities at 30 September 2020 amounted to £6,240,000.

Notes *(continued)*

1 Accounting policies *(continued)*

1.2 Going concern (continued)

Those forecasts are dependent on Sumitomo Chemical Co., Toyo Ink and Itochu providing continuing financial support during that period by way of renewal of their guarantees for the Group's bank loans. Sumitomo Chemical Co., Toyo Ink and Itochu have indicated their intention to renew the guarantees or make available equivalent necessary funds. As with any company placing reliance on shareholders for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

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

1.3 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 March 2020. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

In the parent financial statements, investments in subsidiaries are carried at cost less impairment.

1.4 Foreign currency

Transactions in foreign currencies are translated to the Group companies' functional currency at the foreign exchange rate ruling at the date of the transaction. The Company's functional currency is Sterling. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

The assets and liabilities of foreign operations, including fair value adjustments arising on consolidation, are translated to the Group's presentational currency, sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised in other comprehensive income.

1.5 Classification of financial instruments issued by the group

In accordance with FRS 102.22, financial instruments issued by the group are treated as equity only to the extent that they meet the following two conditions:

- *they include no contractual obligations upon the group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the group; and*

- *where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.*

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the entity's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Notes *(continued)*

1 Accounting policies *(continued)*

1.6 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Investments in preference and ordinary shares

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognition in profit or loss. Other investments are measured at cost less impairment in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

1.7 Tangible fixed assets

Tangible fixed assets are stated at cost, or deemed cost, less accumulated depreciation and accumulated impairment losses. Certain items of tangible fixed assets that had been revalued to fair value on or prior to the date of transition to FRS 102, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation. The company has adopted an accounting policy not transfer any part of revaluation reserve to retained earnings as the asset is depreciated, but rather transfer all of the revaluation reserve to retained earnings on ultimate disposal.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the entity assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described at 1.16 below.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Notes *(continued)*

1 Accounting policies *(continued)*

1.7 Tangible fixed assets (continued)

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- Freehold buildings (including temporary constructions) 5 – 20 years
- plant and machinery 5 – 15 years
- fixtures, fittings and equipment 5 – 15 years
- Computers (included as equipment) 3 – 5 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

1.8 Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the entity.

At the acquisition date, the Group recognises goodwill at the acquisition date as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

1.9 Intangible assets and goodwill

Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

Research and development

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities may be capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve design for, construction or testing of the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Other intangible assets

Expenditure on internally generated goodwill and brands is recognised in the profit and loss account as an expense as incurred.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and less accumulated impairment losses.

Notes *(continued)*

1 Accounting policies *(continued)*

1.9 Intangible assets and goodwill (Continued)

Intangible assets acquired in a business combination

Prior to 1 April 2019, the cost of intangible assets acquired in a business combination were capitalised separately from goodwill if the fair value could be measured reliably at the acquisition date.

For all business combinations entered into on or after 1 April 2019, the Group and Company recognises intangible assets from goodwill if the intangible meets all of the following three criteria:

- meets the recognition criteria per FRS 102.18.4; and
- are separable; and
- arise from contractual or other legal rights.

In addition, for software and development cost acquired in a business combinations entered into on or after 1 April 2019, the Group and Company has also elected to separately recognise these intangible assets from goodwill.

Amortisation

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- capitalised development costs 5 years
- Software 5 years

The basis for choosing these useful lives is the duration of associated commercial sales or life of computer systems.

Goodwill is amortised on a straight-line basis over its useful life. Goodwill has no residual value. The finite useful life of goodwill is estimated to be 10 years.

The Company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Goodwill and other intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

1.10 Government grants

Government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the expected useful lives of the assets to which they relate or in periods in which the related costs are incurred.

1.11 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity. Where necessary, provision is made for obsolete, slow moving and defective stocks.

1.12 Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Notes *(continued)*

1 Accounting policies *(continued)*

1.12 Impairment excluding stocks and deferred tax assets (continued)

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the entity's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire group of entities into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss recognised for goodwill is not reversed. Impairment losses recognised for other assets is reversed only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.13 Employee benefits

Defined contribution plans and other long-term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net asset in respect of the defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in prior periods before the scheme was closed; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The Group determines the net interest expense/(income) on the net defined benefit asset for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit asset taking account of changes arising as a result of contributions and benefit payments

Notes *(continued)*

1 Accounting policies *(continued)*

1.13 Employee benefits (continued)

The discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of and having maturity dates approximating to the terms of the scheme's obligations. A valuation is performed annually by a qualified actuary using the attained age method. The Group recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit asset arising from net interest on net defined benefit asset, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in profit or loss.

Remeasurement of the net defined benefit asset is recognised in other comprehensive income in the period in which it occurs.

1.14 Provisions

A provision is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event, that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the parent Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability in its individual financial statements until such time as it becomes probable that the company will be required to make a payment under the guarantee.

1.15 Turnover

Turnover, which excludes value added tax, sales between group companies and trade discounts, represents the invoiced value of goods and services supplied. Turnover is recognised where goods have been delivered or otherwise passed over in accordance with our contractual obligations and there is no future performance required and amounts are collectable under normal payment terms.

Where the Group carries out tolling for its customers, turnover is recognised when the goods are produced and there are no further performance obligations.

Where the Group subcontracts its own manufacture to another party under a tolling arrangement, any raw materials provided to the toller continue to be recognised.

Turnover relating to sale of goods on a consignment basis is recognised upon notification from the customer of the goods used.

1.16 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are expensed as incurred.

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

Notes *(continued)*

1 Accounting policies *(continued)*

1.17 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

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

2 Acquisitions and disposal of businesses

Acquisitions in the current period

Further to the disclosures in last year's financial statements, major acquisitions in Turkey were successfully completed on 1 August 2019. See also the comments in the Strategic Report.

Sumika Polymer Compounds Turkey Plastik Sanayi ve Ticaret A.Ş. was created by the acquisition of two companies, Emaş Plastik Sanayi ve Ticaret A.Ş. and Akçe Plastik Tekstil ve Kimyevi Maddeler Sanayi ve Ticaret A.Ş., which merged on 31 January 2020 and the respective businesses and assets were combined in the former Emas company, which was renamed Sumika Polymer Compounds Turkey Plastik Sanayi ve Ticaret A.Ş. The following notes thus refer to the acquisitions of Emas, Akce and Almen. Each of these represents separate manufacturing plants, engaged in similar business as the rest of the group. Almen was an existing third-party supplier of subcontract manufacturing services in Turkey for Sumika UK. The same arrangement has continued with Almen as a group company. Emas and Akce have functional currency of TRY; Almen EUR. In order to fall into line with the Group, the companies changed their financial year-end from 31 December to 31 March, by way of a short accounting period to 31 March 2020. All amounts below are stated in GBP'000 equivalent.

Notes *(continued)*

2 Acquisitions and disposal of businesses (continued)

Assets and liabilities acquired at fair value

At 1 August 2019	Emas	Akce	Almen	Total
	£000	£000	£000	£000
Fixed Assets	2,113	1,146	4,429	7,688
Stocks	1,452	-	108	1,560
Debtors	3,093	98	667	3,858
Cash	361	-	15	376
Debt	(4,030)	(206)	-	(4,236)
Creditors	(1,784)	(118)	(313)	(2,215)
Deferred tax provision	(131)	(183)	-	(314)
Net assets acquired	**1,074**	737	**4,906**	**6,717**
Consideration	**3,643**	**4,185**	**7,856**	**15,684**
Goodwill arising	**2,569**	**3,448**	**2,950**	**8,967**
Consideration discharged by:				
Cash paid to vendors	3,583	4,185	7,474	15,242
Adjustment for pre-existing inter-company balances	60	-	382	442
Total	3,643	4,185	7,856	15,684

Goodwill is being amortised over its estimated useful economic life, estimated at 10 years. This estimation takes account of the multiyear product lifecycles in the business and typically long-term relationships with customers. Impairment testing was carried out on the goodwill and other assets acquired, as at 31 March 2020, and indicated strong headroom above the carrying value. The associated discounted cash flow forecasts helped to confirm the enduring nature of the goodwill, possibly beyond 10 years, but this is harder to foresee and overall, 10 years is considered appropriate.

Results of the subsidiaries since the acquisition date included in these consolidated accounts

	8 months (enlarged after merger)	6 months (until merger)	8 months	
	Emas	Akce	Almen	Total
	£000	£000	£000	£000
Revenue	16,313	567	5,213	22,093
(Loss)/profit after tax	(116)	71	347	302

The above amounts are subject to eliminations on consolidation, being the whole of Akce's revenue, which was made to Emas, and the whole of Almen's revenue, which is made mainly to Sumika UK and the remainder to Sumika Turkey.

Effect of acquisition

The acquisitions had the following effect on the Group's assets and liabilities:

2 Acquisitions and disposal of businesses *(continued)*

	Emas			**Akce**			**Almen**		
	Book values	**Fair value adjustments**	**Recognised values on acquisition**	**Book values**	**Fair value adjustments**	**Recognised values on acquisition**	**Book values**	**Fair value adjustments**	**Recognised values on acquisition**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Acquiree's net assets at the acquisition date:									
Tangible fixed assets	1,229	866	2,095	323	818	1,141	4,637	(208)	4,429
Intangible assets	18	-	18	5	-	5	-	-	-
Stocks	1,452	-	1,452	-	-	-	409	(301)	108
Trade and other debtors	3,236	(143)	3,093	98	-	98	395	272	667
Cash	361	-	361	-	-	-	15	-	15
Interest-bearing loans and borrowings	(4,030)	-	(4,030)	(206)	-	(206)	-	-	-
Trade and other creditors	(1,987)	203	(1,784)	(118)	-	(118)	(724)	411	(313)
Deferred tax assets/(liabilities)	60	(191)	(131)	(3)	(180)	(183)	-	-	-
Net identifiable assets and liabilities	339	735	1,074	99	638	737	4,732	174	4,906
Total cost of business combination:									
Consideration paid:									
Initial cash price paid			3,583			4,185			7,474
Adjustment for pre-existing inter-company balances			60			-			382
Total consideration			3,643			4,185			7,856
Goodwill on acquisition			2,569			3,448			2,950
Analysis of net cashflows									
Cash consideration paid			(3,583)			(4,185)			(7,474)
Cash and cash equivalents acquired			361			-			15
Net cash outflow			(3,222)			(4,185)			(7,459)

Notes *(continued)*

2 Acquisitions and disposal of businesses (continued)

Fair value adjustments were made according to the valuations obtained for the land & buildings and plant & equipment, for pre-existing balances between the acquired companies and other group companies and for deferred tax thereon where applicable. No other adjustments were identified. The valuations were made by an independent, qualified valuer.

3 Turnover

	2020	2019
	£000	£000
Sale of goods – thermoplastic compounding	104,142	87,676
Total turnover by activity	104,142	87,676
By geographical market		
United Kingdom	9,384	10,921
Continental Europe	59,824	60,892
Turkey	25,987	7,832
Other	8,947	8,031
	104,142	87,676

4 Expenses and auditor's remuneration

Included in profit for the year are the following:

	2020	2019
	£000	£000
Depreciation and amortisation on tangible & intangible fixed assets	2,832	1,846
Research and development expensed as incurred	1,060	1,063
Operating lease expense	396	258
Foreign exchange losses	326	67
(Profit)/Loss on disposal of fixed assets	(59)	10

Auditor's remuneration:

	2020	2019
	£000	£000
Audit of these financial statements	64	24
Amounts receivable by the company's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the company	104	72
Taxation compliance services	16	11
Corporate finance services	63	22
Transaction support services	-	149

Amounts receivable by the company's auditor and its associates in respect of the audit of financial statements of associated pension schemes is £nil (2019: £nil).

Notes *(continued)*

5 Staff numbers and costs

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

	Number of employees	
	2020	2019
Production	**121**	83
Research and development	**11**	10
Selling and distribution	**64**	28
Administration	**18**	12
	214	133

The aggregate payroll costs of these persons were as follows:

	2020	2019
	£000	£000
Wages and salaries	**6,286**	5,368
Social security costs	**1,195**	1,104
Contributions to defined contribution plans	**444**	440
	7,925	6,912

6 Directors' remuneration

	2020	2019
	£000	£000
Directors' remuneration	**242**	443

The aggregate of remuneration of the highest paid director was £170,000 *(2019: £245,000).*

7 Interest receivable and similar income

	2020	2019
	£000	£000
Bank interest	**19**	10
Net interest income on net defined benefit liabilities	**80**	61
Total interest receivable and similar income	**99**	71

8 Interest payable and similar charges

	2020	2019
	£000	£000
Bank overdrafts and other loans	**365**	224
Trade credit balances to related parties	**13**	15
Net foreign exchange loss	**430**	-
Total interest payable and similar charges	**808**	239

Notes *(continued)*

9 Taxation

Total tax expense recognised in the Profit and Loss account and in Other Comprehensive Income

	2020 £000	£000	2019 £000	£000
Current tax				
Current tax on income for the period		839		422
Overseas tax credit		(97)		(77)
Adjustments in respect of prior periods		-		-
Total current tax		742		345
Deferred tax (see note 18)				
Origination and reversal of timing differences	154		143	
Change in tax rate	152		(90)	
Adjustments in respect of prior periods	87		(18)	
Total deferred tax		393		35
Total tax		1,135		380

	2020 £000 Current tax	£000 Deferred tax	£000 Total tax	2019 £000 Current tax	£000 Deferred tax	£000 Total tax
Recognised in Profit and loss account	742	(4)	738	345	(66)	279
Recognised in Other comprehensive income	-	397	397	-	101	101
Total tax	742	393	1,135	345	35	380

Analysis of current tax recognised in Profit and loss

	2020 £000	2019 £000
UK corporation tax	-	-
Foreign tax	742	345
Total current tax recognised in Profit and loss	742	345

Notes *(continued)*

9 Taxation *(continued)*

Reconciliation of effective tax rate

	2020 £000	2019 £000
Profit for the year	1,262	1,483
Total tax expense	738	279
Profit excluding taxation	2,000	1,762
Tax using the UK corporation tax rate of 19% (2019: 19%)	380	335
Non-deductible expenses/(extra tax deductions)	193	(35)
Research and development reliefs	(60)	(43)
Unrelieved tax losses generated/(utilised)	(98)	12
Higher rate tax on overseas earnings	168	132
Difference in tax rate between current and deferred tax	68	(104)
Other deferred tax adjustments	-	-
Tax adjustments relating to prior years	87	(18)
Total tax expense included in profit or loss	738	279

Notes *(continued)*

10 Intangible Fixed assets

Group	Goodwill	Software costs	Development costs	Capital work in progress	Total
	£000	£000	£000	£000	£000
Cost					
Balance at 1 April 2019	-	128	527	-	655
Acquisitions through business combinations	8,967	19	4	-	8,990
Additions	-	-	-	140	140
Transfers	-	-	140	(140)	-
Disposals	-	-	(3)	-	(3)
Effect of movements in foreign exchange	(1,102)	(1)	11	-	(1,092)
Balance at 31 March 2020	**7,865**	**146**	**679**	-	**8,690**
Amortisation					
Balance at 1 April 2019	-	24	266	-	290
Amortisation for the year	600	26	95	-	721
Effect of movements in foreign exchange	(76)	2	7	-	(67)
Balance at 31 March 2020	**524**	**52**	**368**	-	**944**
Net book value					
At 1 April 2019	-	104	261	-	365
At 31 March 2020	**7,341**	**94**	**311**	-	**7,746**

Goodwill has arisen on acquisition of subsidiary undertakings as disclosed in note 10.

Amortisation

Amortisation of goodwill is charged to Administrative expenses in the profit and loss account. Amortisation of other intangibles is recognised in Cost of sales.

The **Company** has no intangible fixed assets.

Notes *(continued)*

11 Tangible fixed assets

Group	Freehold land and buildings	Plant machinery and Equipment	Capital work in progress	Total
	£000	£000	£000	£000
Cost/Deemed cost				
Balance at 1 April 2019	8,470	33,212	191	41,873
Acquisitions through business combinations	4,455	3,210	-	7,665
Additions	-	-	1,288	1,288
Disposals	-	(1,328)	-	(1,328)
Transfers	99	1,060	(1,159)	-
Effect of movements in foreign exchange	(219)	14	-	(205)
Balance at 31 March 2020	**12,805**	**36,168**	**320**	**49,293**
Depreciation and impairment				
Balance at 1 April 2019	1,438	23,996	-	25,434
Depreciation charge for the year	313	1,798	-	2,111
Disposals	-	(1,269)	-	(1,269)
Effect of movements in foreign exchange	21	284	-	305
Balance at 31 March 2020	**1,772**	**24,809**	-	**26,581**
Net book value				
At 1 April 2019	7,032	9,216	191	16,439
At 31 March 2020	**11,033**	**11,359**	**320**	**22,712**

Depreciation has not been charged on freehold land, which amounts to £6,509,000 *(2019: £4,173,000)*.

Leased assets

There are no assets held under finance leases.

Security

There is a charge over certain freehold land and buildings in favour of the Thermofil Polymers Pension Scheme; the charge is for a value equalling the deficit under the Scheme's own valuation for funding purposes.

The **Company** has no tangible fixed assets.

Notes *(continued)*

12 Fixed asset investments

	Shares in group undertakings
Company	**£000**
Cost	
Balance at 1 April 2019	7,724
Additions	15,242
Balance at 31 March 2020	22,966
Net book value	
At 31 March 2019	7,724
At 31 March 2020	**22,966**

	Loans to group undertakings
Company	**£000**
At 1 April 2019	6,424
Advances made	9,264
Repayments received	(5,269)
Effect of movements in foreign exchange	100
At 31 March 2020	**10,519**

The undertakings in which the Company's interest at the year-end is more than 20% are as follows:

	Country of incorporation	Principal activity	Percentage and class of shares held
Subsidiary undertakings owned throughout the year			
Sumika Polymer Compounds (UK) Ltd 28 New Lane, Havant, Hampshire, PO9 2NQ, UK	England and Wales	Manufacture & distribute thermoplastic compounds	**100% Ordinary £1 shares**
Sumika Polymer Compounds (France) SA Z.I. du Bois de Leuze, 5 avenue Marie Curie, 13310 Saint Martin De Crau, France	France	Manufacture & distribute thermoplastic compounds	**100% Ordinary €15 shares**
Sumika Polymer Compounds (India) Pvt. Ltd 2/1 15th Avenue, Harrington Road, Chetpet, Chennai, 600 031, India	India	Manufacture & distribute thermoplastic compounds	**100% Ordinary 10 Rs. shares**
Subsidiary undertakings acquired during the year			
Sumika Polymer Compounds Turkey Plastik Sanayi ve Ticaret A.Ş., Organize Sanayi Bölgesi, Gri Cad., No:6, Nilüfer, Bursa, Turkey	Turkey	Manufacture & distribute thermoplastic compounds	**100% Ordinary 1 TRY shares**
Almen Dış Ticaret A.Ş., Ata Mah., Serbest Bölge, Gül Caddesi, No:19, Gemlik, Turkey	Turkey	Manufacture & distribute thermoplastic compounds	**100% Ordinary 25 TRY shares**

Notes *(continued)*

13 Stocks

	Group 2020 £000	2019 £000	Company 2020 £000	2019 £000
Raw materials and consumables	**6,593**	7,371	**-**	-
Finished goods and goods for resale	**12,909**	12,171	**-**	-
	19,502	19,542	**-**	-

Raw materials, consumables and changes in finished goods recognised as cost of sales in the year amounted to £79,176,000 *(2019: £67,224,000)*. The write-down of stocks to net realisable value resulted in a credit to Cost of sales of £38,000 (*2019: £35,*000 credit).

14 Debtors

	Group 2020 £000	2019 £000	Company 2020 £000	2019 £000
Trade debtors	**19,460**	14,615	**-**	-
Amounts owed by group undertakings	**-**	-	**10,531**	6,563
Amounts owed by related party undertakings	**110**	497	**-**	-
Other debtors	**759**	1,717	**99**	147
Prepayments and accrued income	**354**	280	**-**	-
	20,683	17,109	**10,630**	6,710
Due within one year	**20,683**	17,109	**6,603**	6,710
Due after more than one year	**-**	-	**4,027**	-
	20,683	17,109	**10,630**	6,710

Amounts owed by group undertakings are unsecured, interest-bearing. Some have no fixed date of payment, others are repayable at various times. Items with no fixed date of repayment are classified above as due within 1 year although in practice may extend for greater than one year.

Trade debtors includes £10,966,000 *(2019: £11,386,000)* subject to with-recourse financing arrangements.

15 Cash and cash equivalents/ net debt

	Group 2020 £000	2019 £000
Cash at bank and in hand	**676**	584
Bank overdrafts	**(3,719)**	(4,613)
Cash and cash equivalents per cash flow statement	**(3,043)**	(4,029)
Bank borrowings falling due within one year	**(13,569)**	(10,449)
Factoring advances falling due within one year	**(7,044)**	(5,428)
Bank loans payable after more than one year	**(18,122)**	(2,586)
Net debt	**(41,778)**	(22,492)

Notes *(continued)*

15 Cash and cash equivalents/ net debt (continued)

Group	Cash and overdrafts	Bank loans	Factoring	Net debt
	£000	*£000*	*£000*	*£000*
At 31 March 2018	(1,880)	(15,664)	(2,488)	(20,032)
Cashflow	(2,204)	2,576	(2,906)	(2,534)
Foreign exchange	55	53	(34)	74
At 31 March 2019	(4,029)	(13,035)	(5,428)	(22,492)
Cashflow	757	(15,036)	(1,554)	(15,833)
On acquisition	376	(4,236)	-	(3,860)
Foreign exchange	(147)	616	(62)	407
At 31 March 2020	**(3,043)**	**(31,691)**	**(7,044)**	**(41,778)**

16 Creditors: amounts falling due within one year

	Group 2020 £000	2019 £000	**Company 2020 £000**	2019 £000
Bank overdrafts	**3,719**	4,613	**-**	-
Other bank borrowings	**13,569**	10,449	**3,472**	3,018
Factoring advances	**7,044**	5,428	**-**	-
Trade creditors	**5,658**	6,144	**-**	-
Amounts owed to group undertakings	**-**	-	**935**	-
Amounts owed to related party undertakings	**1,194**	2,483	**-**	-
Taxation and social security	**535**	379	**82**	25
Other creditors	**626**	513	**-**	-
Accruals and deferred income	**509**	744	**58**	278
	32,854	30,753	**4,547**	3,321

The bank overdraft facilities are unsecured and repayable on demand. Other bank borrowings of £13,569,000 *(2019: £10,449,000)* consist of revolving loan facilities, repayable on demand and unsecured. The respective banks hold Letters of Intent as forms of guarantee from the shareholders. Interest is payable at variable rates close to LIBOR.

The amounts owed to related parties consist mainly of trade credit balances due to Itochu, a shareholder of the company, in respect of raw material purchases. These balances are interest bearing at variable rates.

Factoring advances are secured on trade debtors. Interest is payable at variable rates.

Notes *(continued)*

17 Creditors: amounts falling after more than one year

	Group 2020 £000	2019 £000	Company 2020 £000	2019 £000
Bank loans (see note 16)	18,122	2,586	3,540	-
Amounts owed to group undertakings	-	-	13,659	-
Other creditors	416	324	-	-
	18,538	2,910	17,199	-

Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's and parent Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	Group 2020 £000	2019 £000	Company 2020 £000	2019 £000
Creditors falling due within less than one year				
Bank overdraft	3,719	4,613	-	-
Unsecured other bank borrowings	13,569	10,449	3,472	3,018
Factoring advances	7,044	5,428	-	-
	24,332	20,490	3,472	3,018
Creditors falling due after more than one year				
Unsecured bank loans	18,122	2,586	3,540	-
	18,122	2,586	3,540	-

Terms and debt repayment schedule after more than one year

Group	Currency	Nominal interest rate	Year of maturity	Repayment schedule	2020 £000	2019 £000
Unsecured bank loan 1	Euro	<1%	2020	On maturity	-	2,586
Unsecured bank loan 2	Euro	<1%	2023	Amortising/ on maturity	4,847	-
Unsecured bank loan 3	Euro	<1%	2028	On maturity	5,310	-
Unsecured bank loan 4	Euro	<1%	2028	On maturity	4,425	-
Group and Company						
Unsecured bank loan 5	Euro	<1%	2028	On maturity	3,540	-
					18,122	2,586

The Group and the Company had no secured bank loans.

Notes *(continued)*

18 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	Assets 2020 £000	2019 £000	Liabilities 2020 £000	2019 £000	Net 2020 £000	2019 £000
Accelerated capital allowances	-	-	(546)	(286)	(546)	(286)
Arising on business combinations	-	-	(285)	-	(285)	-
Employee benefits	-	-	(904)	(507)	(904)	(507)
Unused tax losses	412	130	-	-	412	130
Other	155	145	-	-	155	145
Tax assets / (liabilities)	567	275	(1,735)	(793)	(1,168)	(518)
Netting of tax liabilities/(assets)	(567)	(275)	567	275	-	-
Net tax assets / (liabilities)	-	-	(1,168)	(518)	(1,168)	(518)

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. In the 11 March 2020 Budget it was announced that the UK tax rate will remain at the current 19% and not reduce to 17% from 1 April 2020, the UK deferred tax (liability) as at 31 March 2020 has been calculated at 19% *(2019:19% or 17% depending on the expected timing of utilisation of each item).* However, this rate change cancellation had not been substantively enacted at the balance sheet date but the decrease in the deferred tax liability that would have resulted from using 17% instead of 19%, at £117,000, is not considered to be material.

In addition to the deferred tax asset above, the Group has additional unrecognised gross tax losses of £654,000 (2019: £1,373,000). These tax losses are in the Company and no deferred tax asset has been recognised because the timing of utilisation is uncertain. There is no other deferred tax arising in the Company.

Notes *(continued)*

19 Employee benefits

The assets of the defined benefit occupational pension scheme are held in a separate trustee administered fund. The scheme was closed from 6 October 2006 to all future accrual of benefits. Accrued benefits are no longer linked to future salary increases.

The information disclosed below is in respect of the whole of the plans of the Group, for which the parent Company is legally responsible.

Net pension asset

	2020 £000	2019 £000
Defined benefit obligation	**(20,169)**	(20,953)
Plan assets	**24,926**	23,934
Net pension asset	**4,757**	2,981

Movements in present value of defined benefit obligation

	2020 £000	2019 £000
At 1 April	**20,953**	20,985
Past service cost	**-**	125
Interest expense	**516**	536
Remeasurement: actuarial (gains)/losses	**(659)**	42
Benefits paid	**(641)**	(735)
At 31 March	**20,169**	20,953

Movements in fair value of plan assets

	2020 £000	2019 £000
At 1 April	**23,934**	23,121
Interest income	**596**	597
Remeasurement: return on plan assets less interest income	**587**	501
Contributions by employer	**450**	450
Benefits paid	**(641)**	(735)
At 31 March	**24,926**	23,934

Notes *(continued)*

19 Employee benefits *(continued)*

Income/Expense recognised in the profit and loss account

	2020 £000	2019 £000
Net interest on net defined benefit asset	**(80)**	(61)
Total (income)/expense recognised in profit or loss	**(80)**	(61)

The fair value of the plan assets and the return on those assets were as follows:

	2020 Fair value £000	2019 Fair value £000
Equities	**5,137**	12,016
Gilts	**16,645**	8,851
Corporate bonds	**3,069**	2,903
Other	**75**	164
	24,926	23,934
Actual return on plan assets	**1,183**	1,098

Notes *(continued)*

19 Employee benefits *(continued)*

Principal actuarial assumptions (expressed as weighted averages) at the year-end were as follows:

	2020	2019
	%	%
Discount rate	**2.25**	2.5
Inflation (RPI)	**2.8**	3.5
Inflation (CPI)	**1.9**	2.5
Pension increase (RPI capped at 5% pa)	**2.6**	3.3
Pension increase (CPI capped at 3% pa)	**1.5**	2.1

Last full actuarial valuation was performed on 6 April 2019 and updated to 31 March 2020.

The valuations were prepared by an independent qualified actuary using the Attained Age method.

In valuing the liabilities of the pension fund at 31 March 2020, assumptions have been made as indicated below.

The methodology for calculating the discount rate changed from a spot approach used last year to a yield curve approach. The previous methodology produced a discount rate assumption that no longer adequately reflected the shape of the corporate bond yield curve because of changes to the shape of this curve over the year. Accordingly, the methodology was changed such that the discount rate was set explicitly to take account of the full corporate bond yield curve. The effect of the change was an increase in liabilities of £1.1M compared with the previous method.

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 62-year old to live for a number of years as follows:

- Current pensioner aged 62: 24.6 years (male), 27.2 years (female).
- Future retiree aged 52 upon reaching 62: 25.2 years (male), 27.9 years (female).

Defined contribution plans

Group

The Group operates an active defined contribution pension plan.

The total expense relating to the plan in the current year was £428,000 *(2019: £430,000)*. Amounts outstanding at the year-end were £35,000 *(2019: £34,000)*.

20 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Group		**Company**	
	2020	2019	**2020**	2019
	£000	£000	**£000**	£000
Less than one year	**414**	193	-	-
Between one and five years	**462**	175	-	-
More than five years	**16**	26	-	-
	892	394	-	-

During the year £396,000 was recognised as an expense in the profit and loss account in respect of operating leases *(2019: £258,000)*.

The **Company** has no operating leases.

Notes *(continued)*

21 Capital and reserves

Share capital

	2020	2019
	£000	£000
Allotted, called up and fully paid		
11,100,100 ordinary shares of £1 each	**11,100**	11,100

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

Revaluation reserve

Where tangible fixed assets were revalued the cumulative increase in the fair value of the property at the date of reclassification in excess of any previous impairment losses is included in the revaluation reserve

22 Financial instruments

(a) Carrying amount of financial instruments

Financial instruments include debtors and creditors, all of which in these financial statements are classified as basic financial instruments and, accordingly, all are measured at amortised cost.

(b) Commitments

Capital commitments

Contractual commitments to purchase tangible fixed assets at the year-end were £523,000 *(2019: £138,000)*.

The contractual commitments for the acquisition of intangible assets at the year-end were £nil (2019: £116,000).

The company has no contractual commitments.

Notes *(continued)*

23 Related parties

Group

Identity of related parties with which the Group has transacted

(i) Sumitomo Chemical Co., Ltd is a shareholder in Sumika Polymer Compounds (Europe) Ltd.

(ii) Sumitomo Chemical Europe S.A. / N.V. is a subsidiary of Sumitomo Chemical Co Ltd, which is a shareholder in Sumika Polymer Compounds (Europe) Ltd.

(iii) Sumitomo Chemical America, Inc. is a subsidiary of Sumitomo Chemical Co., Ltd, which is a shareholder in Sumika Polymer Compounds (Europe) Ltd.

(iv) Sumitomo Chemical Asia Pte is a subsidiary of Sumitomo Chemical Co., Ltd, which is a shareholder in Sumika Polymer Compounds (Europe) Ltd.

(v) Sumika Polymer North America, Inc. is a subsidiary of Sumitomo Chemical Co., Ltd, which is a shareholder in Sumika Polymer Compounds (Europe) Ltd.

(vi) Sumika Polymers Compounds (Thailand) Co, Ltd, is a subsidiary of Sumitomo Chemical Co., Ltd, which is a shareholder in Sumika Polymer Compounds (Europe) Ltd.

(vii) Zhuhai Sumika Polymer Compounds is a subsidiary of Sumitomo Chemical Co., Ltd, which is a shareholder in Sumika Polymer Compounds (Europe) Ltd.

(viii) Itochu Europe PLC is a shareholder in Sumika Polymer Compounds (Europe) Ltd.

(ix) Itochu Deutschland GmbH is a subsidiary of Itochu Europe PLC, which is a shareholder in Sumika Polymer Compounds (Europe) Ltd.

(x) Plastribution Ltd is a subsidiary of Itochu Europe PLC, which is a shareholder in Sumika Polymer Compounds (Europe) Ltd.

(xi) Toyo Ink Europe Speciality Chemicals S.A.S. is a subsidiary of Toyo Ink SC Holdings Co., Ltd, which is a shareholder in Sumika Polymer Compounds (Europe) Ltd.

In addition, the Thermofil Polymers Pension Scheme is a related party and the transactions with it are given in note 19.

Related party transactions

	Sales to		**Purchases & Administrative expenses incurred from**	
	2020	2019	**2020**	2019
	£000	£000	**£000**	£000
Entities with control, joint control or significant influence over the Group				
Sumitomo Chemical Co., Ltd	**456**	722	**517**	842
Sumitomo Chemical Europe S.A. / N.V.	**-**	-	**932**	700
Sumitomo Chemical Asia Pte	**-**	-	**3,142**	4,537
Sumika Polymer North America, Inc.	**-**	9	**69**	113
Sumika Polymer Thailand	**7**	-	**-**	-
Zhuhai Sumika Polymer Compound	**2**	-	**-**	-
Itochu Europe PLC	**107**	149	**3,249**	4,526
Itochu Deutschland GmbH	**-**	-	**-**	-
Plastribution Ltd	**751**	989	**-**	-
Toyo Ink Europe Speciality Chemicals S.A.S.	**720**	1,245	**1,523**	1,708
	2,043	3,114	**9,432**	12,426

Notes *(continued)*

23 Related parties *(continued)*

Related party transactions

	Receivables outstanding 2020 £000	2019 £000	Creditors outstanding 2020 £000	2019 £000
Entities with control, joint control or significant influence over the Group				
Sumitomo Chemical Co., Ltd	-	-	46	42
Sumitomo Chemical Europe S.A. / N.V.	-	-	-	1
Sumitomo Chemical Asia Pte	-	-	257	331
Sumika Polymer North America, Inc.	-	-	-	-
Itochu Europe PLC	-	-	579	1,756
Plastribution Ltd	41	64	-	-
Toyo Ink Europe Speciality Chemicals S.A.S	69	433	312	353
	110	497	1,194	2,483

Transactions with key management personnel

Related parties include certain key management personnel. Their remuneration, including the directors, is as follows

	2020 £000	2019 £000
Emoluments including benefits in kind	577	789
Company contributions to money purchase pension plans	48	44
	625	833

Company

Identity of related parties with which the Company has transacted

Sumitomo Chemical Co., Ltd is a shareholder in Sumika Polymer Compounds (Europe) Ltd.

Itochu Europe PLC is a shareholder in Sumika Polymer Compounds (Europe) Ltd.

Related party transactions

	Sales to 2020 £000	2019 £000	Administrative expenses incurred from 2020 £000	2019 £000
Entities with control, joint control or significant influence over the Group				
Sumitomo Chemical Co., Ltd	374	593	-	-
Itochu Europe PLC	-	-	50	50
	374	593	50	50

Notes *(continued)*

24 Ultimate parent company and parent company of larger group

The Company's shareholders are Sumitomo Chemical Co., Ltd, Toyo Ink SC Holdings Co., Ltd, Itochu Corporation and Itochu Europe plc. The directors regard Sumitomo Chemical Co., Ltd, a company registered in Japan, as the ultimate parent company and ultimate controlling party.

The largest group to consolidate the results of the Company is Sumitomo Chemical Co., Ltd. Copies of the consolidated financial statements can be requested from Sumitomo Chemical Co., Ltd.'s registered office at 27-1, Shinkawa 2-Chome, Chuo-ku, Tokyo 104-8260, Japan.

25 Subsequent events

COVID-19 pandemic

The COVID-19 pandemic has had impact on the new financial year to date, as described in the Strategic report. The Group has utilised government business support measures, being the Job Retention Scheme in the UK and the equivalent in France. These have provided circa £238,000 benefit for the period from April to September 2020 inclusive.

Borrowings facilities

A 3M EUR fixed term bank loan in Sumika France expired on 23 July 2020. It was renewed for a further one year fixed term at a favourable rate.

Sales invoice factoring facilities in UK and France were increased in terms of scope and limits, at the same time reducing the pro-rata cost, with effect from 2 November 2020. This provides additional borrowing facilities of circa £5,600,000.

26 Accounting estimates and judgements

Key sources of estimation uncertainty

Pension assets and liabilities

As disclosed in the balance sheet and in Note 19, pension assets and liabilities are based on various assumptions in respect of future decades covering the remaining lifetimes of the members. The assumptions are made with the advice of an independent professional actuary and are consistent with current norms.

Useful lives for property, plant and equipment

As disclosed in Note 1, useful lives are estimated using our historical experience and our judgement regarding future expectations.

Goodwill valuation

As disclosed in Note 1, goodwill is subject to amortisation and impairment reviews where there is indication of impairment.

Critical accounting judgements in applying the Company's accounting policies

The Going Concern assumption

As disclosed in Note 1, the going concern assumption is based on our judgement of positive future prospects for the business, our deep relationship with our lenders and the assurances of support that we have received from our shareholders.