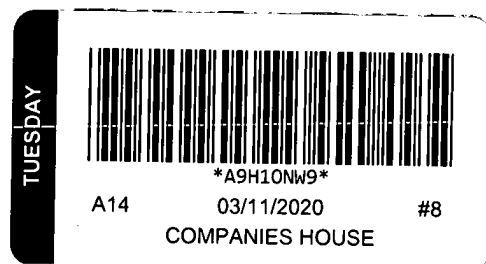


Company Registration No. 07904022

2M GROUP LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2020

COMPANIES HOUSE COPY



CONTENTS

	Page
Directors, Company Secretary and Advisers	1
Strategic report	2 – 5
Directors' report	6 – 7
Independent auditor's report	8 – 10
Consolidated statement of comprehensive income	11 – 12
Consolidated statement of financial position	13 – 14
Consolidated statement of cash flows	15
Consolidated statement of changes in equity	16
Notes to the consolidated financial statements	17 – 45
Company Financial Statements of 2M Group Limited	46 – 59

2M GROUP LIMITED

DIRECTORS, COMPANY SECRETARY AND ADVISERS

Directors	M Kessler MBE C R Boyle R J A Smith D R J Dalton G Maller
Company Secretary	C R Boyle
Registered Office	Quadrant House Floor 6 4 Thomas More Square London E1W 1YW
Business Address	2M House Sutton Quays Business Park Clifton Road Sutton Weaver Runcorn Cheshire WA7 3EH
Company Number	07904022
Auditors	UHY Hacker Young Chartered Accountants Quadrant House 4 Thomas More Square London E1W 1YW
Principal Bankers	Investec Bank plc 30 Gresham Street London EC2V 7QP HSBC Bank plc 4 th Floor City Point 29 King Street Leeds LS1 2HL
Solicitors	DWF LLP 2nd Floor Bridgewater Place Water Lane Leeds LS11 5DY

2M GROUP LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 APRIL 2020

The directors present their annual report and the audited financial statements of the Group and of the Company for the year ended 30 April 2020.

Activities and review of business

The principal activity of 2M Group Limited is to act as a holding company. The principal activities of the Group reflect those of the subsidiary companies and encompass solutions based on product and applications know-how to the personal care and home care industries, solvent blending, formulation and distribution of specialty chemicals products to the paint and coatings industry, supply of precision cleaning solutions in the aviation, electronics and medical industries, supply of chlorinated solvents for refinery applications, metal surface treatment and protection, drinking water sterilisation, and an increasing presence in vehicle emission reduction solutions. Additionally, the business provides third party chemical blending and storage facilities, and operates a highly specialised, global chemical samples management service helping its customers to develop business by ensuring product samples arrive safely, quickly and with commercial follow up. The Group exports globally and has physical presence in the UK (9 locations), Benelux, Nordic, Germany (2 locations), France, Poland, Brazil and China (2 locations).

The Group financial statements consolidate those of the company and its subsidiaries. The Group prepares its financial statements in accordance with International Financial Reporting Standards.

Vision & Values

During the year, the Group has devoted considerable resource to developing its Vision, Values and Strategic Goals programme. These set out how our group of companies views its corporate role, its place within the business and wider communities, and how it interacts positively with all stakeholders.

2M strives to be a leader within the Chemical industry by **connecting the building blocks of everyday life, for a healthier life today and a better world tomorrow.**

The business continues to invest in its key asset – its people. We continue to support employees at all levels within the business, to reach their potential via focussed coaching and training programmes, in addition to the internal goal setting metrics which encourage all colleagues to maximise their potential.

The 2M Academy goes from strength to strength and we are currently developing our second cohort of talented individuals who will be influential in shaping our business in years to come.

Our positive approach and commitment to STEM culminated in an exceptionally well-received “Bring Your Child To Work Day”, which saw many young people enjoy a range of scientific-based activities at 2M House.

We actively encourage the values of Trust & Respect, Equality, Innovation and Accountability, and expect our colleagues to display these qualities in interactions within the business and with external parties.

The business recognises the commitment of its colleagues and reciprocates via supportive physical and mental well-being programmes.

The business keeps colleagues informed on company performance via a series of quarterly briefings.

We continue to make strategic appointments as required by business opportunities.

Further and updated information is available via our website: www.2mholdings.com

2M GROUP LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 APRIL 2020

Principal risks and uncertainties

As an international business, the Group continues to be exposed to general economic and political risks

The global macroeconomic climate remains uncertain. In particular, the ongoing negotiations surrounding the UK's exit from the European Union dominate this arena.

Volatility in raw material prices continues – partly driven by exchange rate movements, and partly due to plant outages / declarations of force majeure from a number of leading manufacturers. These fluctuations offer both opportunities and challenges.

The Group's position at the end of the year

The Group saw an improvement in its Cash position. The overall movement in Cash & Cash Equivalents was £8,180k (2019: £1,414k) leaving us with a closing Cash & Cash Equivalents position of (£756k).

Cash Generation from Operations was strong at £11,208k (2019: £8,042k). Within this, a favourable movement on Inventories reflected the reduction from prior year when the Company was holding significant stocks prior to potential Brexit deadlines.

This should be considered against the aggressive debt amortisation profile and the willingness of the business to continue to grow through acquisition.

The transfer of net profits to Retained Earnings, saw our Net Assets increase to £33,252k (2019: £32,783k).

The Directors remain confident that, with the support of employees, suppliers and customers, the business is well placed to meet the challenges of the markets over the coming year, and to deliver continued growth.

Financial Key Performance Indicators

During the year, we reported a reduction in turnover to £118,010k (2019: £127,888k). This reflects the general slowdown in the economy as impacted by uncertainties over Brexit, including the resulting general election in December 2019. And in the closing months of the financial period – the initial impacts of the Covid-19 pandemic. Restricted volumes on some product ranges within the portfolio have also impacted.

Gross Profit, a key performance indicator within our business, is reported at £41,160k (2019: £41,222k) – a creditable performance given the decline in Turnover, and reflecting our drive for value-added business.

Distribution Costs, reflecting the decreased levels of activity within the business, have fallen to £9,822k (2019: £10,103k).

Administrative Expenses have risen as we support our colleagues in these challenging times, and as we develop our facilities in line with industry best practice.

The overall impact of the above has seen a decline in Operating Profit of 19.1% to £5,154k (2019: £6,372k).

The Group continues to invest heavily throughout the year in physical assets – a combination of revenue enhancing assets, upgrades to our IT systems, and regulatory driven projects.

2M GROUP LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 APRIL 2020

The Board considers Operating EBITDA as a key measure of the financial performance of the business. This metric provides a good indication of the Group's ability to convert profit to cash. The following table highlights the current position including adjustments related to transactional activity, which are eliminated for the purpose of giving a more accurate reflection of operational performance.

£k	Year Ended 30 th April 2020	Year Ended 30 th April 2019
Operating EBITDA	7,125	7,471
Adjustments	600	400
Revised Operating EBITDA	7,725	7,871

SECR Reporting

The period covered by this report for Streamlined Energy and Carbon (SECR) reporting is for the financial year ending 30 April 2020.

A baseline year for SECR has been established with reference to the Group's reporting requirements under the Energy Savings Opportunity System (ESOS).

2M Group Limited have chosen a metric of CO₂ emissions per £million of sales as this is considered the most practicable taking into consideration the diversity of our business and varying types of energy used.

Energy Efficiency

The 2M Group is a diverse group of companies that outsource most of its transport arrangements. By outsourcing most of our deliveries to customers and utilising major transport providers enables the Group to benefit from access to strategically based transport hubs for consolidation and a reduction in overall delivery miles.

One of the group companies, Stowlin Limited, operates its own fleet of vehicles for distributing products, providing local customers with fast delivery and service. This arrangement assists their business with achieving time critical deliveries where the utilisation of a wider transport hub would not be a benefit.

2M Group Limited's carbon footprint based on the assessment criteria set by ESOS is 1,353.450 tonnes of CO₂ equivalent. A breakdown of the total figure in both kilo watt hours and CO₂ equivalent is shown below.

Company	Electricity Kwh	CO ₂ kg	Gas kwh	CO ₂ kg	Gas Oil Kwh	CO ₂ kg	Wood pellets Kwh	CO ₂ kg	Vehicles CO ₂ kg
Banner Group	876,058	247,985	29,040	5,935	2,345,700	669,557	24,181	364	82,332
Surfachem Group	181,581	51,400	20,960	4,284	499,467	142,568	0	0	149,025
TOTAL	1,057,639	299,385	50,000	10,219	2,845,167	812,125	24,181	364	231,357

Targets

Each company location will be set reduction targets based on their own energy consumption and may use a monitoring method that best suits their activities. Initiatives followed by group companies has been the installation of LED lighting in warehouses and offices where appropriate.

2M GROUP LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 APRIL 2020

2M House was fitted out to have LED lighting with PIR motion sensors so that lighting is not on in empty locations, and HVAC systems to control the temperature throughout the building to achieve efficient use of energy.

Company car drivers are encouraged to select hybrid vehicles and to opt for virtual meetings whenever possible to avoid unnecessary journeys.

Going Concern & Covid-19

At the time of approving the financial statements, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Subsidiary companies within the Group market a diverse product base across the chemical sector, operate in varied market sectors and from a number of operational bases.

Whilst Covid-19 has negatively impacted some areas of business, the ability to respond to the rise in the requirement for hand sanitiser and related cleaning products and components, and to rapidly convert manufacturing facilities to production of such, the overall impact on the business has been positive.

By strict adherence to Covid-19 guidelines, the Company has been able to maintain production at all operational sites throughout lockdown.

By use of latest technologies, all aspects of commercial and administrative requirements have been handled remotely, and only in recent days have we seen any form of return to office working – again strictly managed, and subject to amended guidelines.

Liquidity is crucial to the business during these unprecedented times, and it is something that is monitored on a daily basis. Profitable trading, and judicious use of government support measures, mean that the Company is working well within the limits of its funding facilities.

This situation will continue to be monitored closely.

By order of the Board



M Kessler MBE
Director

8th October 2020

2M GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 2020

Results and dividends

The consolidated results for the year are set out on page 11.

An interim ordinary dividend was paid to shareholders amounting to £800k (2019: £980k). The directors do not recommend the payment of a final dividend.

Directors

The following directors held office during the period as set out below:

M Kessler MBE
C R Boyle
R J A Smith
D R J Dalton
G Maller

Use of financial instruments

The Group transacts in currencies other than sterling, primarily Euros and US Dollars, and therefore runs a level of exposure. The Group seeks to minimise this by natural hedging of purchase and sale transactions.

The Group has a variety of financing arrangements in place with Investec Bank plc which provide adequate funding support for the pursuit of its day-to-day activities. The Group currently makes no other use of financial instruments.

Research and development

Market research and product development are seen as essential factors for the continuing success of business going forward.

Employment policy

The Group actively encourages the development of employee involvement within the business. The Group holds regular meetings to update employees on pertinent matters, and to provide opportunities for employees to contribute to the success of the business.

The Group adheres to a policy of equality in terms of racial, religious, sexual, age, and political grounds, and physical abilities in all its dealings with existing or potential employees.

Auditors

The auditors UHY Hacker Young are deemed be reappointed under section 487 (2) of the Companies Act 2006.

2M GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 2020

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Group and of the Company and of the profit or loss of the Group for that period. In preparing those financial statements, the directors are required to:

- i) select suitable accounting policies and then apply them consistently;
- ii) make judgements and estimates that are reasonable and prudent;
- iii) prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business; and
- iv) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

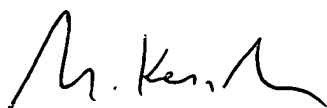
The directors confirm that the financial statements comply with the above requirements.

The directors are responsible for keeping proper accounting records which at any time disclose with reasonable accuracy the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. The directors are also responsible for safeguarding the assets of the Company and of the Group and for taking steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditors

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

By order of the Board



M Kessler MBE

Director

8th October 2020

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF 2M GROUP LIMITED**

Qualified Opinion

We have audited the group and parent company financial statements of 2M Group Limited for the year ended 30 April 2020 which comprise the consolidated statement of comprehensive income, the consolidated and parent company statements of financial position, the consolidated and parent company statements of changes in equity, the consolidated and parent company statements of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards, as adopted in the European Union (IFRS). The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland".

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements:

- give a true and fair view of the state of the group's and company's affairs as at 30 April 2020 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted in the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for qualified opinion

Due to the Covid-19 pandemic and subsequent lock down in many cities and countries, we were unable to physically count the stock at the end of the year due to government restrictions. While the group carried out stock take procedures and is confident of the stock quantities at the year end, due to coronavirus, we have not carried out an inspection and therefore could not obtain direct evidence of the stock quantities held at 30 April 2020, which are included in the balance sheet at £11,249,000. Consequently we were unable to determine whether any adjustment to this amount was necessary.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF 2M GROUP LIMITED**

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

As described in the basis for qualified opinion section of our report, due to the Covid-19 restrictions in place we were unable to observe and check the stock quantities of £11,249,000 held at 30 April 2020. There is therefore an inherent resulting risk that where other information refers to the stock balance or related balances such as cost of sales, there may be resulting inconsistencies for the same reason.

Opinions on other matters prescribed by the Companies Act 2006

Except for the possible effects of the matter described in the basis for qualified opinion section of our report, in our opinion, based on the work undertaken in the course of our audit:

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

Matters on which we are required to report by exception

Except for the matter described in the basis for qualified opinion section of our report, in the light of the knowledge and understanding of the group and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

Arising solely from the limitation of the scope of our work relating to not being able to attend the stock count due to the Covid-19 pandemic, referred to above:

- we have not obtained all the information that we considered necessary for the purpose of our audit solely relating to attendance at the physical year end stock count; and
- we were unable to determine whether adequate accounting records have been kept solely relating to the physical year end stock balance.

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF 2M GROUP LIMITED**

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

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

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with part 3 of Chapter 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.



Colin Wright (Senior Statutory Auditor)
For and on behalf of UHY Hacker Young

Chartered Accountants
Statutory Auditor

8/10/2020

Quadrant House
4 Thomas More Square
London E1W 1YW

2M GROUP LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 APRIL 2020

	Notes	2020 £'000	2019 £'000
Revenue	3	118,010	127,888
Cost of sales		(76,850)	(86,666)
Gross profit		41,160	41,222
Distribution costs		(9,822)	(10,103)
Administrative expenses		(26,184)	(24,747)
Operating profit	4	5,154	6,372
Finance costs	5	(1,250)	(1,303)
Finance income	6	2	1
Profit before taxation		3,906	5,070
Taxation	7	(516)	(998)
Profit for the year		3,390	4,072
Other comprehensive income:			
Actuarial losses on defined benefit scheme	19	(2,273)	(684)
Currency translation differences		(111)	63
Tax on comprehensive income		324	-
Other comprehensive income for the year net of tax		(2,060)	(621)
Total comprehensive income for the year		1,330	3,451

2M GROUP LIMITED**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)**
FOR THE YEAR ENDED 30 APRIL 2020

	2020 £'000	2019 £'000
Profit attributable to:		
Equity holders of the parent company	3,521	4,149
Non-controlling interests	(131)	(77)
	<u>3,390</u>	<u>4,072</u>
Total comprehensive income attributable to:		
Equity holders of the parent company	1,159	3,542
Non-controlling interests	171	(91)
	<u>1,330</u>	<u>3,451</u>

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations. IFRS 16 was adopted on 1 May 2019 for statutory reporting using the 'modified retrospective approach' without restating prior year figures. As a result, the operating results are on an IAS 17 basis for all periods prior to 1 May 2019 and on an IFRS 16 basis for the period beginning 1 May 2019 and ending 30 April 2020. More details on the adoption of IFRS 16 are contained in notes 1.16 and 1.17.

2M GROUP LIMITED

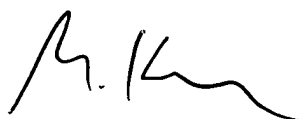
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 APRIL 2020

	Notes	2020 £'000	2019 £'000
Assets			
Non-current assets			
Intangible assets	10	35,135	34,654
Property, plant and equipment	11	9,013	8,773
Right of use assets	12	2,523	-
Deferred tax asset	18	275	69
Total non-current assets		46,946	43,496
Current assets			
Inventories	13	11,249	13,080
Trade and other receivables	14	21,786	22,585
Prepayments and accrued income		1,680	1,475
Cash and cash equivalents	24	8,736	5,718
Total current assets		43,451	42,858
Total Assets		90,397	86,354
Liabilities			
Current liabilities			
Bank borrowings and overdrafts	17	10,928	16,654
Leases liabilities	16	718	28
Trade and other payables	15	25,152	24,321
Current tax liabilities		287	737
Total current liabilities		37,085	41,740
Non-current liabilities			
Lease liabilities	16	2,629	108
Bank borrowings and overdrafts	17	8,162	4,500
Provisions for liabilities		341	-
Employee benefit liability	19	8,928	7,223
Total non-current liabilities		20,060	11,831
Total Liabilities		57,145	53,571
Total Net Assets		33,252	32,783

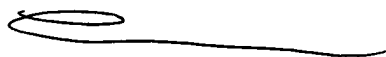
2M GROUP LIMITED**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)**
AS AT 30 APRIL 2020

	Notes	2020 £'000	2019 £'000
Equity			
Share capital	20	133	133
Share premium	20	165	165
Capital restructuring reserve		14,370	14,370
Options reserves		111	96
Currency translation reserve		(81)	(9)
Retained earnings		18,651	18,456
Equity attributable to equity holders of the parent company		33,349	33,211
Minority interest in equity		(97)	(428)
		33,252	32,783

The financial statements were approved by the Board of Directors and authorised for issue on 30 October 2020.



M Kessler MBE
Director



C Boyle
Director

Company Registration No. 07904022

2M GROUP LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 APRIL 2020**

	Notes	2020 £'000	2019 £'000
Cash flows from operating activities			
Cash generated from operations	22	11,208	8,042
Financial expenses		(1,073)	(1,114)
Income taxes paid		(848)	(883)
Net cash generated by operating activities		9,287	6,045
Cash flows from investing activities			
Payments for property, plant and equipment		(1,506)	(1,605)
Acquisition of subsidiary, net of cash acquired	23	(790)	-
Financial income		2	1
Net cash used in investing activities		(2,294)	(1,604)
Cash flows from financing activities			
Receipt/(repayments) of loans (net)		2,750	(2,003)
Repayment of leases		(763)	(44)
Dividends paid to company's shareholders		(800)	(980)
Net cash from/(used in) financing activities		1,187	(3,027)
Net increase in cash and cash equivalents		8,180	1,414
Cash and cash equivalents at the beginning of the financial year		(8,936)	(10,350)
Cash and cash equivalents at the end of the financial year	24	(756)	(8,936)

2M GROUP LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 APRIL 2020**

	Share Capital £'000	Share Premium £'000	Restruc- turing Reserve £'000	Options Reserve £'000	Currency Reserve £'000	Retained Earnings £'000	Total £'000	Non- Controlling Interests £'000	Total Equity £'000
At 1 May 2018	133	165	14,370	81	(23)	15,908	30,634	(337)	30,297
Share based payments	-	-	-	15	-	-	15	-	15
Total comprehensive income for the year	-	-	-	-	14	3,528	3,542	(91)	3,451
Dividend paid	-	-	-	-	-	(980)	(980)	-	(980)
At 30 April 2019	133	165	14,370	96	(9)	18,456	33,211	(428)	32,783
Balance at 1 May 2019:									
- as previously reported	133	165	14,370	96	(9)	18,456	33,211	(428)	32,783
- impact of adoption of IFRS 16	-	-	-	-	-	(191)	(191)	-	(191)
Balance at 1 May 2019 – adjusted	133	165	14,370	96	(9)	18,265	33,020	(428)	32,592
Total comprehensive income for the year	-	-	-	15	(116)	1,260	1,159	171	1,330
Dividend paid	-	-	-	-	-	(800)	(800)	-	(800)
New subsidiary acquired	-	-	-	-	44	(74)	(30)	160	130
At 30 April 2020	133	165	14,370	111	(81)	18,651	33,349	(97)	33,252

2M GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

1. Accounting policies

2M Group Limited is a company incorporated in England and Wales.

The group financial statements for the year ended 30 April 2020 consolidate those of the company and its subsidiaries (together referred to as the “group”). The parent company financial statements present information about the company as a separate entity and not about its group.

The group has adopted the accounting policies set out below in preparation of the financial information for the year ended 30 April 2020. All of these policies have been applied consistently throughout the year unless otherwise stated.

1.1 Basis of preparation

The group financial statements have been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union (“IFRSs”) and in accordance with the Companies Act 2006.

The parent company’s financial statements have been prepared in accordance with UK Generally Accepted Accounting Principles, and in accordance with the Companies Act 2006. The directors have taken advantage of the exemption offered by section 408 of the Companies Act not to produce a separate income statement for the parent company.

The financial statements have been prepared on the historical cost basis except for the revaluation of certain non-current assets.

1.2 Going concern and Covid-19

At the time of approving the financial statements, the Directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Subsidiary companies within the group market a diverse product base across the chemical sector, operate in varied market sectors and from a number of operational bases.

Whilst Covid-19 has negatively impacted some areas of business, the ability to respond to the rise in the requirement for hand sanitiser and related cleaning products and components, and to rapidly convert manufacturing facilities to production of such, the overall impact on the business has been positive. By strict adherence to Covid-19 guidelines, the group has been able to maintain production at all operational sites throughout lockdown.

By use of latest technologies, all aspects of commercial and administrative requirements have been handled remotely, and only in recent days have we seen any form of return to office working – again strictly managed, and subject to amended guidelines.

Liquidity is crucial to the business during these unprecedented times, and it is something that is monitored on a daily basis. Profitable trading, and judicious use of government support measures, mean that the Company is working well within the limits of its funding facilities.

This situation will continue to be monitored closely.

2M GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

1.3 Basis of consolidation

These financial statements consolidate the financial statements of the company and all of its subsidiary undertakings drawn up to 30 April.

Subsidiaries are entities controlled by the company. Control exists when the company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account, regardless of management's intention to exercise that option or warrant. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date the control ceases.

The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the identifiable net assets acquired is recorded as goodwill.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated fully on consolidation. The gain or loss on disposal of a subsidiary company is the difference between net disposals proceeds and the group's share of its net assets together with any goodwill and exchange differences.

1.4 Revenue recognition

Revenue represents amounts receivable for goods and services, net of VAT and trade discounts. Amounts received for the sublicensing of intangible assets is shown as deferred income, and is released to the statement of comprehensive income over the period of the sublicensing agreement.

1.5 Intangible fixed assets

Goodwill

Goodwill arising on the acquisition of subsidiary companies represents the excess of the fair value of the consideration given over the fair value of the group's share of the net identifiable assets acquired. Goodwill arising on the acquisition of other business undertakings represents the excess of the fair value of the consideration given over the fair value of the net identifiable assets acquired.

In accordance with IFRS 3 – 'Business Combinations', goodwill is not amortised but tested for impairment annually or when there are any indications that its carrying value is not recoverable. As such it is stated at cost less any provision for impairment in value.

Patents

Patents are valued at cost, less provision for impairment. Amounts received on the sub-licensing of patents is shown as deferred income and is released to profit and loss account over the period of the licencing agreement.

Licences

Licences are initially measured at cost and subsequently measured at cost or valuation, net of amortisation and any impairment losses. Amortisation is recognised over the remaining term of the licence agreements.

1.6 Investments

Investments are stated at cost less any provision for impairment.

2M GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

1.7 Property, plant and equipment

Buildings, property, plant and equipment are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, using the straight line method as follows:

Freehold buildings	50 years
Plant and equipment	3 – 20 years
Motor vehicles	4 – 5 years

Land is not depreciated.

The carrying values of plant and equipment are reviewed at each reporting date to determine whether there are any indications of impairment. If any such indication exists, the assets are tested for impairment to estimate the assets' recoverable amounts. Any impairment losses are recognized in the statement of comprehensive income.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the Statement of Comprehensive Income.

1.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost represents all expenses incurred in bringing the stock to its present location and condition. Net realisable value is based on estimated selling price less all further costs to completion.

1.9 Financial assets and liabilities

If significant, financial assets and financial liabilities that arise on derivatives that do not qualify for hedge accounting are held on the balance sheet at fair value, with the changes in value reflected through the income statement.

Financial assets and financial liabilities are measured subsequently as described below.

Financial assets

The group classifies its financial assets as 'loans and receivables'. The group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Loans and receivables are non-derivative financial assets with fixed and determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the statement of financial position date, which are classified as non-current assets. Receivables are classified as 'trade and other receivables' and loans are classified as 'borrowings' in the statement of financial position.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. After initial recognition loans and receivables are carried at amortised cost using the effective interest rate method less any allowance for impairment. Gains and losses are recognised in the income statement when the loans and receivables are impaired.

2M GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulty, high probability of bankruptcy or a financial reorganisation and default are considered indicators that the trade receivable is impaired. Subsequent recoveries of amounts previously written off are credited to the statement of comprehensive income.

The carrying amounts of the trade receivables include receivables which are subject to an invoice discounting arrangement where relevant receivables are transferred in exchange for cash. However, the group retains late payment and credit risk. The group therefore continues to recognise the transferred assets in its balance sheet and the amount repayable is presented as secured borrowing.

Financial liabilities

The group's financial liabilities include trade and other payables. Trade payables are recognised initially at fair value less transaction costs and subsequently measured at amortised cost using the effective interest method ("EIR" method).

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the statement of comprehensive Income.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

1.10 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at bank, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts that are repayable on demand are included within borrowings in current liabilities on the balance sheet.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

1.11 Ordinary share capital

Ordinary shares are classified as equity. Costs directly attributable to the increase of new shares or options are shown in equity as a deduction from the proceeds.

1.12 Dividend policy

In accordance with IAS 10 'Events after the Balance Sheet Date', dividends declared after the balance sheet date are not recognised as a liability at that balance sheet date and are recognised in the financial statements when they have received approval by shareholders. Unpaid dividends that are not approved are disclosed in the notes to the consolidated financial statements.

2M GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

1.13 Employee benefits

Companies within the group operate a defined benefit pension scheme. The scheme is closed to new entrants and is also closed to future accruals.

For defined benefit schemes the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount in other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised in full in the period in which they occur. They are recognised in the statement of comprehensive income.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the Projected Unit Method. The actuarial valuations are obtained at least triennially and are updated at each financial reporting date. The resulting defined benefit asset or liability is presented separately after other net assets on the face of the statement of financial position.

The companies within the group also participate in a defined contribution pension scheme. Contributions are charged to the statement of comprehensive income as they become payable.

1.14 Foreign currency translation

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates. For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Sterling, which is the functional currency of the group and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in foreign currencies are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary assets and liabilities denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date.

The assets and liabilities of foreign operations are translated into sterling at the rate of exchange ruling at the year-end date. Income and expenses are translated at average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income or charged directly through equity as applicable.

1.15 Taxation

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

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the financial reporting date, and any adjustment to tax payable in respect of previous periods.

2M GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

1.15 Taxation (continued)

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

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

1.16 Leased assets

This policy is applied to contracts entered into, or changed, on or after 1 May 2019.

For any new contracts entered into on or after 1 May 2019 at inception of a contract, the group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly in the contract or implicitly by being identified at the time the asset is made available to the company, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the group has the right to direct the use of the asset throughout the period of use. The group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the group has the right to direct the use of the asset throughout the period in use if either:
 - the group has the right to operate the asset; or
 - the group designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Measurement and recognition of leases as a lessee

The group recognises a right-of-use asset and a lease liability on the balance sheet at the lease commencement date. The right-of-use asset is initially measured at cost. This comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date and an estimate of any costs to dismantle and remove the underlying asset at the end of the lease, or to restore the underlying asset or the site on which it is located, less any lease incentives received.

2M GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the company assess the right-of-use asset for impairment when such indicators exist. It is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

At the commencement date the lease liability is initially measured at the present value of the lease payments that are not paid at that date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the group's incremental borrowing rate. The company has elected to use the incremental borrowing rate at the date of transition as the interest rate implicit in the leases could not be readily determined.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments based on an index or a rate, initially measure using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the group is reasonably certain to exercise, lease payments in an optional renewal period if the group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee, or if the group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

1.17 New and revised International Financial Reporting Standards and interpretations

At the date of authorisation of these financial statements, the following new and revised IFRS Standards and Interpretations have been adopted in the current year, where applicable to the group.

IFRS 16
IFRS 9 (Amended)
IFRS 2015 -2018 Cycle
IFRIC 23
IAS 28 (Amended)
IAS 19 (Amended)

Leases
Financial Instruments
Annual improvements
Uncertainty over Income Tax
Investments in Joint Ventures
Employee Benefits

2M GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

The impact of the adoption of IFRS 16 is discussed in detail below. The remaining new standards, amendments and interpretations are effective for the first time for periods beginning on or after 1 May 2019 but have not had a material effect on the group and so have not been discussed in detail in the notes to the financial statements.

At the date of authorisation of these financial statements, the following IFRS Standards and Interpretations, which have not been applied in these financial statements, were in issue but not yet effective:

IFRS 3 (Amended)	Business combinations
IAS 1 (Amended)	Presentation of Financial Statements
IFRS 17 (Revised)	Insurance Contracts

It is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed. However, we expect that the standards will not have a material effect on the financial statements.

The impact of the adoption of the new IFRS Standard IFRS 16 'Leases' is detailed below.

Impact of application of IFRS 16 'Leases'

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and now requires lessees to account for most leases under a "single on-balance sheet" model.

The group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately if they are different from those under IFRS 16 and the impact of changes is disclosed in below. The majority of the leases for which IFRS 16 has been applied relate to the group companies' various office buildings, fixtures and fittings and motor vehicles.

The group has elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets'). Therefore, any short-term leases and low-value assets have not been included in the values.

The group has lease contracts for various properties. Before the adoption of IFRS 16, the group classified each of its leases (as lessee) at the inception date as an operating lease. The leased property was not capitalised and the lease payments were recognised as rent expense in the statement of profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under prepayments and trade and other payables, respectively.

Upon adoption of IFRS 16, the group applied a single recognition and measurement approach for all leases in which it is the lessee, except for short-term leases and leases of low-value assets. The group recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Transition from IAS 17 to IFRS 16

For contracts entered into before 1 May 2019, the group determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and

2M GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
 - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
 - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
 - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

Under IAS 17

In the comparative period, as a lessee the group classified leases that transfer substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent.

Assets held under other leases were classified as operating leases and were not recognised in the group's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

'Property, plant and equipment' comprise owned and leased assets that do not meet the definition of investment property, as follows:

	2020 £'000
Property, plant and equipment owned	9,013
Right-of-use assets	2,523

The group has elected not to include initial direct costs on the measurement of the right-of-use asset for operating leases in existence at the date of initial application of IFRS 16, being 1 May 2019. At this date, the group has also elected to measure the right of-use asset at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition. No onerous leases were identified during the transition process.

1.18 Share based payments

The company made share-based payments to certain employees by way of issue of share options. The fair value of these payments is calculated by the company using the Black-Scholes Option Pricing model. The expense is recognised on a straight line basis over the period from the date of award to the date of vesting, based on the company's best estimate of the shares that will eventually vest.

1.19 Changes in accounting policies

Except for the changes below, the group has consistently applied the accounting policies to all periods presented in these financial statements.

The group applied IFRS 16 with a date of initial application of 1 May 2019. As a result, the group has changed its accounting policy for lease contracts as detailed below. The group used the modified retrospective approach, under which the cumulative effect of initial application is recognised in equity as an adjustment to the retained earnings at 1 May 2019. The details of the changes in accounting policies are disclosed below.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2020**

A. Definition of a lease

Previously, the group determined at contract inception whether an arrangement is or contains a lease under IFRIC 4 'Determining whether an arrangement contains a lease'. Under IFRS 16, the group assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 1.16.

On transition to IFRS 16, the group applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 May 2019.

B. As a lessee

As a lessee, the group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the group. Under IFRS 16, the group now recognises right-of-use assets and related lease liabilities for most leases – i.e. these leases are 'on-balance sheet'.

The group decided to apply recognition exemptions to both short-term leases of machinery and leases of IT equipment. For leases of other assets, which were classified as operating under IAS 17, the company recognised right-of-use assets and lease liabilities.

i. Leases classified as operating leases under IAS 17

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the group's incremental borrowing rate as at 1 May 2019. Right-of-use assets are measured at either:

- their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application – the group applied this approach to its largest property leases; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments – the group applied this approach to all other leases.

The group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- Adjusted the right-of-use assets by the amount of IAS 37 onerous contract provision immediately before the date of initial application, as an alternative to an impairment review.
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

ii. Leases previously classified as finance leases

There are leases that were previously classified as finance leases under IAS 17, these have been included in lease liabilities at 30 April 2020.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2020**

2. Critical accounting estimates, assumptions and judgments

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Judgements and estimates are continually evaluated and are based on historical experience and other factors which include expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates may differ from the related actual results.

The estimates and assumptions that have a risk of causing material adjustment to the carrying amounts of assets and liabilities within the future financial years are as follows:

a) Goodwill

The group follows the requirements of IAS 36 – ‘Impairment of Assets’ and tests goodwill annually to determine when goodwill is impaired (see accounting policy in note 1.5 above and goodwill in note 10 below). This determination requires significant judgment. In making this judgment, the group estimates the recoverable amount of the cash generating units to which goodwill has been allocated based on value-in-use calculations. The value-in-use calculations require the entity to estimate the future cash flows expected to arise from the cash generating units and a suitable discount rate in order to calculate present value. For the purpose of impairment testing, goodwill has been allocated to the company’s subsidiaries.

b) Depreciation, useful lives and residual values of property, plant & equipment

The directors estimate the useful lives and residual values of property, plant & equipment in order to calculate the depreciation charges. Changes in these estimates could result in changes being required to the annual depreciation charges in the statement of comprehensive income and the carrying values of the property, plant & equipment in the statement of financial position.

The directors have reviewed the carrying values of the group’s plant, property and equipment, and conclude that no impairment is required.

c) Pension benefits

The present value of the defined benefit pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost for pensions include the discount rate and current market conditions. Additional information is disclosed in note 19. Any changes in these assumptions will impact on the carrying amount of pension obligations.

The group has taken external advice in relation to the impact of IFRIC 14 and has concluded that no additional provision is required in the financial statements in respect of the minimum funding requirement.

d) Share based payments

The group records charges for share based payments. For option based share based payments management estimate certain factors used in the option pricing model, including volatility, vesting date of options and the number of options likely to vest. If these estimates vary from actual events, this will impact on the value of the equity carried in the reserves. Further details of the group’s estimation of share based payments are disclosed in note 21.

2M GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

e) **Discount rate used in lease liability calculation**

Calculation of the appropriate discount rate in relation to the calculation of the present value of the minimum lease payments involves a certain amount of judgement. The group's policy is to use the incremental borrowing rate, which takes into account the geographic area in which the group operates, the lease term, and the rate of interest for a similar loan term.

3. Segmental reporting

The Board of Directors consider the reportable operating segment in accordance with IFRS 8 – 'Operating Segments', to be that of Storage, Blending and Distribution of Chemical Products on the basis that this represents the long term financial performance and economic characteristics of the group.

The remaining activities of the group are considered by the Board to fulfil support and ancillary functions and have therefore been aggregated as "All other segments".

The group's operations, assets and staff are principally located in the United Kingdom. The Directors have concluded that the operations and assets located outside of the United Kingdom do not meet the quantitative thresholds as set out in IFRS 8 and therefore no segmental analysis of assets or profits is presented on a geographical basis.

The group generates sales to customers across the world and the geographical analysis of revenue is set out below based on customer location.

Revenue		
Geographical location	2020 £'000	2019 £'000
United Kingdom and Eire	88,899	97,307
Europe	19,839	18,573
Americas	1,748	3,241
Australasia	24	46
Africa	915	1,180
Middle East	525	889
Asia	5,436	5,796
Other	624	856
	<hr/>	<hr/>
	118,010	127,888
	<hr/>	<hr/>

Revenues from the top 20 customers of the group's Storage, Blending and Distribution of Chemical Products segment represent approximately 29% (2019: 22%) of the group's total revenues.

2M GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

4. Operating profit

	2020 (IFRS 16) £'000	2019 (IAS 17) £'000
The operating profit for the year is stated after charging/(crediting):		
Depreciation on property, plant and equipment (note 11)	1,259	1,077
Depreciation on right of use assets (note 12)	692	-
Amortisation of intangibles (note 10)	20	22
Amounts paid in respect of operating leases for plant and machinery	-	996
Profit on foreign currency	(11)	(165)
Auditors' remuneration (see below)	120	120
	<u>=====</u>	<u>=====</u>
Audit services		
Fees payable to the company's auditors for the audit of the parent company and consolidated accounts	20	20
Fees payable to the company's auditors for the audit of the company's subsidiaries	100	100
<i>Other services</i>		
Other services relating to taxation	17	17
Other advisory services	24	24
	<u>=====</u>	<u>=====</u>

5. Finance costs

	2020 (IFRS 16) £'000	2019 (IAS 17) £'000
Bank interest expense	886	1,108
Other interest	28	6
Finance lease charges	158	3
Interest on pension scheme liabilities	178	186
	<u>=====</u>	<u>=====</u>
	1,250	1,303
	<u>=====</u>	<u>=====</u>

6. Finance income

	2020 £'000	2019 £'000
Bank interest income	2	1
	<u>=====</u>	<u>=====</u>

2M GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

7. Taxation

	2020 £'000	2019 £'000
UK corporation tax on profits for the year at 19% (2019: 19%)	501	885
Adjustments in respect of prior periods	(136)	(35)
Foreign tax charge	33	-
	<hr/>	<hr/>
	398	850
Deferred tax charge: origination and reversal of temporary timing differences (note 18)	118	148
	<hr/>	<hr/>
Total tax expense in the income statement	<u>516</u>	<u>998</u>
Factors affecting the tax charge for the year:		
Profit on ordinary activities before tax	<u>3,906</u>	<u>5,070</u>
Profit on ordinary activities multiplied by the standard rate of UK corporation tax of 19% (2019: 19%)	742	963
	<hr/>	<hr/>
<i>Effects of:</i>		
Non-deductible expenses	69	68
Depreciation on non-qualifying assets	2	14
Tax rate differences	(12)	3
Prior year adjustments	(136)	(35)
Other adjustments	(149)	(15)
	<hr/>	<hr/>
	(226)	35
	<hr/>	<hr/>
Total tax charge	<u>516</u>	<u>998</u>

Deferred taxation balances are analysed in note 18 below.

2M GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

8. Staff numbers and costs

	2020 Number	2019 Number
The average number of people employed by the group (including directors) during the year was as follows:		
Average number of employees during the year	320	313
Staff costs including directors:	2020 £'000	2019 £'000
Wages and salaries	11,128	11,421
Social security costs	1,332	1,305
<i>Other pension costs:</i>		
Contributions to defined contribution schemes	426	585
Contributions to defined benefit schemes	781	647
	13,667	13,639

9. Directors' emoluments

	2020 £'000	2019 £'000
<i>Emoluments for qualifying services:</i>		
Aggregate directors' emoluments	772	657
Pension contributions	93	69
	865	726

Directors' remuneration is paid through subsidiary companies within the group. The number of directors for whom retirement benefits were accruing under defined contribution schemes in the year was 5 (2019: 5).

2M GROUP LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2020****10. Intangible non-current assets**

Group	Licences and Patents £'000	Goodwill £'000	Total £'000
At 1 May 2018	82	34,594	34,676
Amortisation in year	(22)	-	(22)
	<hr/>	<hr/>	<hr/>
At 30 April 2019	60	34,594	34,654
	<hr/>	<hr/>	<hr/>
Additions in the year	22	479	501
Amortisation in year	(20)	-	(20)
	<hr/>	<hr/>	<hr/>
At 30 April 2020	62	35,073	35,135
	<hr/>	<hr/>	<hr/>

Goodwill represents the goodwill arising on various acquisitions. On the acquisition of Ingredtech SAS on 20 December 2019, goodwill of £479,647 was recognised (note 23).

In accordance with IFRS 3 – 'Business Combinations', goodwill is not amortised but rather tested for impairment on an annual basis.

The recoverable amount was determined based on value in use and was determined at the cash generating unit which is based on financial budgets approved by the directors using the following key assumptions:

- i) Cash flows are projected based on expected revenue to be generated from the existing business model;
- ii) Inflation rate of 3% per annum;
- iii) A pre-tax discount rate of 7.4%

The above key assumptions represent the directors' assessment of the future outlook based on their best estimates and they believe that it is unlikely that any significant variation in the above assumptions would significantly affect the recoverable amount of goodwill.

There has been no impairment for the value of goodwill during the year.

2M GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

11. Property, plant and equipment

	Freehold land and buildings £'000	Plant and equipment £'000	Motor vehicles £'000	Total £'000
Cost or valuation				
At 1 May 2018	4,277	15,990	341	20,608
Additions	21	1,435	163	1,619
Disposals	-	(14)	-	(14)
At 30 April 2019	4,298	17,411	504	22,213
Acquired with subsidiary	-	10	-	10
Additions	13	1,494	-	1,507
Disposals	-	(324)	-	(324)
At 30 April 2020	4,311	18,591	504	23,406
Depreciation				
At 1 May 2018	1,201	10,890	272	12,363
Charge for the year	56	959	62	1,077
At 30 April 2019	1,257	11,849	334	13,440
Acquired with subsidiary	-	5	-	5
Charge for the year	51	1,191	17	1,259
Eliminated on disposals	-	(311)	-	(311)
At 30 April 2020	1,308	12,734	351	14,393
Net book value				
At 30 April 2020	3,003	5,857	153	9,013
At 30 April 2019	3,041	5,562	170	8,773

Freehold land and buildings include non-depreciable land with a value of £1,338k (2019: £1,338k).

The directors have reviewed freehold land and buildings at 30 April 2020 for any indicators of impairment in their carrying value. The directors concluded that no impairment existed and that the carrying value of freehold land and buildings is approximate to the assets fair value.

2M GROUP LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2020**

12. Right of use assets

	Freehold land and buildings £'000	Plant and equipment £'000	Motor vehicles £'000	Total £'000
Cost				
On adoption of IFRS 16 at 1 May 2019	2,068	961	740	3,769
Lease additions	-	206	113	319
Lease disposals	(65)	-	(175)	(240)
	<u>2,003</u>	<u>1,167</u>	<u>678</u>	<u>3,848</u>
At 30 April 2020	<u>2,003</u>	<u>1,167</u>	<u>678</u>	<u>3,848</u>
Depreciation				
On adoption of IFRS 16 at 1 May 2019	191	303	364	857
Lease disposals	(65)	-	(159)	(224)
Charge for the year	280	189	223	692
	<u>406</u>	<u>492</u>	<u>428</u>	<u>1,325</u>
At 30 April 2020	<u>406</u>	<u>492</u>	<u>428</u>	<u>1,325</u>
Net book value				
At 30 April 2020	<u>1,597</u>	<u>675</u>	<u>250</u>	<u>2,523</u>

13. Inventories

	2020 £'000	2019 £'000
Goods for resale	<u>11,249</u>	<u>13,080</u>

14. Trade and other receivables

	2020 £'000	2019 £'000
Trade receivables	21,461	22,005
Other receivables	325	580
	<u>21,786</u>	<u>22,585</u>

2M GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

15. Trade and other payables

	2020 £'000	2019 £'000
Trade payables	15,850	15,291
Taxation and social security	2,626	2,316
Other payables	1,277	852
Accruals and deferred income	5,399	5,862
	<u>25,152</u>	<u>24,321</u>

16. Lease liabilities

	2020 (IFRS 16) £'000	2019 (IAS 17) £'000
Lease liabilities – due within one year	718	28
Lease liabilities – due more than one year	2,629	108
	<u>3,347</u>	<u>136</u>

The company has leases for their various warehouses and offices throughout the UK. They also have some plant and machinery in use at these warehouses and some IT equipment and vehicles. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. The company classified its right-of-use assets in a consistent manner to its property, plant and equipment (see note 12).

Lease terms of vehicles and IT equipment are generally in the region of 3-5 years. Leases of property generally have a lease term ranging between 3-10 years. Lease payments are generally fixed with no variable element. The table below describes the nature of the company's leasing activities by type of right-of-use asset recognised on balance sheet:

Right-of-use asset	No of right-of- use assets leased	Remaining lease term	Average remaining lease term
Office building	2	4-8 years	6
Warehouse and facilities	3	1-7 years	3
Vehicles	46	1-3 years	3
Plant and machinery	16	2-7 years	4

Lease payments not recognised as a liability

The company has elected not to recognise a lease liability for short-term leases (leases of expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. The company has entered into commercial leases for plant and machinery, which meet the definition of short term or low value as noted above.

2M GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

16. Lease liabilities (continued)

Additional cash flow information:

	2020 (IFRS 16) £'000	2019 (IAS 17) £'000
Cash outflow in respect of leases in year	(711)	(44)

17. Financial instruments and financial risk management

This note provides information about the contractual terms of the group's interest bearing loans, borrowings and other obligations.

	2020 (IFRS 16) £'000	2019 (IAS 17) £'000
Current liabilities:		
Bank facilities, loans and overdrafts (secured)	10,928	16,654
Lease liabilities	718	28
	<u>11,646</u>	<u>16,682</u>
Non-current:		
Bank facilities, loans and overdrafts (secured)	8,162	4,500
Lease liabilities	2,629	108
	<u>10,791</u>	<u>4,608</u>
Total borrowings	<u>22,437</u>	<u>21,290</u>
Bank borrowings are repayable as follows:		
On demand or within one year	10,928	16,654
Between one and two years	1,000	2,000
Between two and five years	7,162	2,500
	<u>19,090</u>	<u>21,154</u>
Less: Amount due within 12 months (shown under current liabilities)	(10,928)	(16,654)
	<u>8,162</u>	<u>4,500</u>

The bank facilities, loans and overdrafts are secured by a legal charge over the assets of the group, a charge over its debts and inventories, and by a composite debenture and guarantee. All of the group's funding is subject to a group guarantee (note 26).

2M GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

17. Financial Instruments and Financial Risk Management (continued)

Categories of financial assets and liabilities

Financial assets at fair value through the profit or loss	- None
Held-to-maturity assets	- None
Loans and receivables	- Trade and other receivables
Available-for-sale financial assets	- None
Financial liabilities at fair value through the profit or loss	- Finance leases
Financial liabilities measured at amortised cost	- Overdrafts and loans

The fair values of all financial assets and liabilities are not materially different from their carrying amounts.

Financial risk management

The group recognises that it has exposures to the following financial risks, and seeks to redress them as noted below:

Financial risk factors

i) Foreign exchange risk

The group transacts in currencies other than sterling, primarily Euros and US Dollars, and therefore runs a level of exposure. The group seeks to minimise this by natural hedging of purchase and sale transactions.

ii) Credit risk

The group operates in standard business to business commercial markets. As such, the majority of transactions are conducted on credit terms, with the details of such terms being determined by the relative transaction size and commercial risk of the specific transaction or entity. The group seeks to restrict these levels of exposure further by covering such sales with commercially available credit insurance, through recognised underwriters.

iii) Liquidity risk

The banking arrangements with Investec Bank plc, who provide term loan and overdraft facilities have been renewed and provide sufficient working capital for the 2M group of companies.

iv) Interest rate risk

Group finance facilities are placed with Investec Bank plc which provided additional working capital through invoice financing, inventory financing and cash flow loan facilities. Interest rates on these facilities vary between 3.15% and 4.15% over LIBOR.

Finance leases are placed through Iveco Stralis for the purpose of acquiring commercial vehicles. Interest allocated to future financial periods is calculated at effective rates between 4.61% and 5.11% per annum.

The group has no financial assets, other than short term receivables and cash at bank. Short term overdrafts are held at a floating rate of interest based on LIBOR.

2M GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

18. Deferred tax assets and liabilities

	Employee benefits £'000	Excess capital allowances £'000	Other timing differences £'000	Total £'000
As at 1 May 2019	(1,256)	364	823	(69)
Charge/(credit) to income statement	-	156	(38)	118
Credit to other comprehensive income	(324)	-	-	(324)
As at 30 April 2020	(1,580)	520	785	(275)
Deferred tax asset	(1,580)	-	-	(1,580)
Deferred tax liability	-	520	785	1,305
As at 30 April 2020	(1,580)	520	785	(275)

Deferred tax is provided for at the future tax rate applying at the reporting date. At 30 April 2020 the future tax rate applying was 19%.

2M GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

19. Pension liability

Defined Contribution Scheme

The group operates a Defined Contribution Pension Scheme. During the year ended 30 April 2020 the pension cost charge to the income statement amounted to £426k (2019: £585k). There were no outstanding or unpaid contributions at the beginning or end of the year.

Defined Benefit Scheme

Companies within the group operate a pension scheme providing benefits based on final pensionable salary. The assets of the scheme are held separately, being invested with a managed pension fund. The final Salary Scheme is closed to new entrants and is also closed to future accruals.

A full actuarial valuation was carried out as at 31 March 2017 in accordance with the scheme funding requirements of the Pensions Act 2004 and the funding of the plan is agreed between the employer and the trustees in line with those requirements. These in particular require the surplus or deficit to be calculated using prudent, as opposed to best estimate actuarial assumptions.

This actuarial valuation showed a deficit of £10,921k. The company has agreed with the trustees of the scheme that the company will aim to eliminate the deficit over a period of 14 years and 5 months from 31 March 2018 by the payment of annual contributions of £650k increasing to £750k with effect from 1 April 2019 and £850k from 1 April 2020 until 1 April 2021 thereafter £875k are paid annually increasing at 3% per annum. In addition and in accordance with the actuarial valuation, the company has agreed with the trustees of the scheme that it will meet expenses of the plan and levies to the Pension Protection Fund.

The actuarial valuation as at 31 March 2017, which was carried out by a qualified independent actuary, has been updated on an approximate basis to 30 April 2020. There have been no changes in the valuation methodology adopted for this period's disclosures compared to the previous period's disclosures.

Contributions in the year totalled £781k (2019: £647k).

The directors have relied upon advice from P. Pritchard, Fellow of the Institute & Faculty of Actuaries in determining the financial assumptions.

2M GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

19. Pension liability (continued)

The main financial assumptions used at the year-end date to calculate scheme liabilities under IAS 19 are:

	2020 %	2019 %
Discount rate	1.7	2.6
Inflation rate	2.5	3.3
Increase to pensions	2.5	3.3
Expected overall rate of return on plan assets	1.7	2.6

The expected rate of return on plan assets was determined, based on the discount rate for the year ended 30 April 2020, in line with IAS 19.

Analysis of amounts charged to the statement of comprehensive income

	2020 £'000	2019 £'000
Analysis of amount reported in financial income and expense		
Expenses	(35)	(44)
Expected return on pension scheme assets	297	327
Interest cost	(475)	(513)
	<hr/>	<hr/>
Net cost	(213)	(230)
	<hr/> <hr/>	<hr/> <hr/>

Analysis of amount recognised under other comprehensive income

Return on plan assets	(185)	35
Experience losses arising on the defined benefit obligation	(183)	79
Effects of changes in demographic assumptions	318	(138)
Effects of changes in financial assumptions	(2,223)	(660)
	<hr/>	<hr/>
Net actuarial losses recognised under other comprehensive income	(2,273)	(684)
	<hr/> <hr/>	<hr/> <hr/>

Reconciliation of change in assets and liabilities

Change in defined benefit obligation:		
Defined benefit obligation brought forward	18,591	19,290
<i>Movement in the year:</i>		
Expenses	35	44
Interest cost	475	513
Experience gains/ losses arising on the defined benefit obligation	183	(79)
Effects of changes in demographic assumptions	(318)	138
Effects of changes in financial assumptions	2,223	660
Actual benefits paid	(674)	(1,975)
	<hr/>	<hr/>
Defined benefit obligation at end of year	20,515	18,591
	<hr/> <hr/>	<hr/> <hr/>

2M GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

19. Pension scheme (continued)

	2020 £'000	2019 £'000
Change in plan assets:		
Fair value of plan assets brought forward	11,368	12,334
<i>Movement in year:</i>		
Interest income	297	327
Return on plan assets	(185)	35
Actual employer contributions	781	647
Actual benefits paid	(674)	(1,975)
	<hr/>	<hr/>
Fair value of plan assets at end of year	<u>11,587</u>	<u>11,368</u>
 Funded status – Financial position		
Net pension liability	<u>(8,928)</u>	<u>(7,223)</u>
 The assets in the pension scheme return were:		
	Value at 30 April 2020 £'000	Value at 30 April 2019 £'000
UK equities	1,711	2,064
Overseas equities	5,332	5,394
Bonds	4,487	3,810
Others	57	100
	<hr/>	<hr/>
Total market value of scheme assets	11,587	11,368
Present value of the scheme's liabilities (provided by the actuary)	(20,515)	(18,591)
	<hr/>	<hr/>
Net pension liability (funded)	<u>(8,928)</u>	<u>(7,223)</u>

2M GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

19. Pension scheme (continued)

The history of experience adjustments is as follows:

	Value at 30 April 2020 £'000	Value at 30 April 2019 £'000
Experience gains / (losses) on scheme assets		
Amount (£)	(185)	35
Percentage of scheme assets	1.6%	0.3%
Experience gains / (losses) on scheme liabilities*		
Amount (£)	(183)	79
Percentage of the present value of scheme liabilities	0.9%	1%

* These figures exclude the effect of the change in the valuation assumptions from one year to the next.

20. Share capital and share premium

	Number of shares	Share capital £'000	Share premium £'000	Total £'000
Ordinary A shares	130,000	130	-	130
Ordinary B shares	1,490	2	165	167
Ordinary C shares	130,000	1	-	1
At 30 April 2019 and 30 April 2020	261,490	133	165	298

Ordinary A shareholders are entitled to vote at meetings of the company and each share in issue carries one vote. The shares have rights to dividends and capital to participate in any distribution pro-rata with the Ordinary B shares. Ordinary A shares are not redeemable.

Ordinary B shares rank pari passu in all respects with Ordinary A shares save that they carry no entitlement to vote at meetings of the company. The shares have rights to dividends and capital to participate in any distribution pro-rata with the Ordinary A shares. Ordinary B shares are not redeemable.

Ordinary C shares carry no entitlement to vote at meetings of the company, are not entitled to participate in dividend distributions, have only limited rights to participate in a distribution as respects to capital and are not redeemable.

2M GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

21. Cost of issuing share options

Included within administration expenses is a charge of £15k (2019: £15k) for share options. The share based payment charge represents the current year's allocation of the expense for relevant share options issued in 2012. The company has granted share options under an Unapproved Share Option Plan (the 'Unapproved Plan').

Under the Unapproved Plan, options are granted to employees and directors to acquire Ordinary B shares at a price of £111.54 per share. In general, options vest after ten years and are exercisable if the group is sold or becomes listed on a recognised stock exchange.

The Company granted 2,600 share options under the Unapproved Plan during a prior period with total fair values estimated using the Black-Scholes option-pricing model of £288k. A discount rate of 50% has been applied to reflect the medium term possibility of the exercisable events occurring resulting in a cost of £144k being amortised over ten years.

The following assumptions were used for the Black-Scholes valuation of share options granted in the prior period:

	Unapproved plan Issued 2012 Employees
Options granted	2,600
Risk-free interest rate	0.5%
Expected life of the options	10 years
Annualised volatility	23.39%

The options outstanding at 30 April 2020 have an exercise price of £111.54 per share and a weighted average remaining contractual life of 3.42 years.

22. Cash generated from operations	2020 £'000	2019 £'000
Profit before taxation	3,906	5,070
<i>Add back non-operating items:</i>		
Financial income	(2)	(1)
Financial expense	1,250	1,303
<i>Adjustments for:</i>		
Pension movement	(374)	(527)
Depreciation of property, plant & equipment	1,259	1,077
Depreciation of right-of-use assets	692	-
Amortisation of intangible assets	20	22
Decrease/(increase) in inventories	2,333	(3,701)
Decrease in receivables	1,849	2,990
Increase in payables	275	1,809
Cash generated from operations	<u>11,208</u>	<u>8,042</u>

2M GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

23. Business combinations

During the year ended 30 April 2020, the group acquired 70% of the ordinary share capital of Ingretech SAS, a company incorporated and based in France. The acquisition was settled in cash on completion and the goodwill arising on acquisition was £479k (note 10). Acquisition costs of £152k have been recognised in the income statement relating to this acquisition.

The acquisition of Ingretech contributed £94,000 profit to the group's results for the year acquired.

24. Cash and cash equivalents

	2020 £'000	2019 £'000
Cash at bank and in hand	8,736	5,718
Bank overdrafts / short term funding	(9,492)	(14,654)
	<hr/>	<hr/>
Cash and cash equivalents in the cash flow statement	(756)	(8,936)
	<hr/> <hr/>	<hr/> <hr/>

25. Operating leases

The total future minimum lease payments under operating leases are as follows:

	2020 £'000	2019 £'000
Within one year	-	777
Between one and five years	-	2,153
In more than five years	-	814
	<hr/>	<hr/>
	-	3,744
	<hr/> <hr/>	<hr/> <hr/>

The group has adopted IFRS 16 'Leases' from 1 May 2019 resulting in no current year operating lease commitments. See note 16 for disclosure of lease commitments as at 30 April 2020.

2M GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

26. Guarantees and other financial commitments

- a) At 30 April 2020 the group had no capital commitments.
- b) The group has granted a composite guarantee and debenture to Investec Bank plc in respect of amounts due to the bank by 2M Group Limited and its subsidiaries.
- c) A subsidiary company, 2M Holdings Limited has issued guarantees to the Samuel Banner Pension Fund Limited as trustee of the Samuel Banner staff pension scheme. The guarantee states that 2M Holdings Limited is obliged to make payments to the Scheme up to a maximum amount of £4,500k.

27. Control

The director, M Kessler MBE, retains ultimate control of the group.

28. Related party transactions

Trade and other payables include an amount of £390k (2019: £350k) due to Metachem Industrial Comercial Ltda. Metachem Industrial Comercial Ltda is the non-controlling interest holder in the subsidiary company Surfachem Brasil Ltda. The loan is interest free, unsecured and has no fixed repayment terms.

29. Subsequent events

On 28 August 2020, Surfachem Group Limited, an indirect subsidiary of the company, acquired the entire share capital of Evonik Goldschmidt UK Limited, from Evonik UK Holdings Limited, a member of Evonik Industries AG.

The site and facilities, based in Milton Keynes, is the first bespoke manufacturing facility within the 2M Group, and as such represents a significant milestone in the group's growth and development.

The company will be renamed 2M Manufacturing Limited and will retain all existing employees and assets.

Company Registration No. 07904022

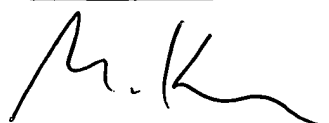
2M GROUP LIMITED
COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2020

2M GROUP LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 30 APRIL 2020

	Notes	30 April 2020 £'000	30 April 2019 £'000
Fixed assets			
Investments	4	29,267	29,267
Current assets			
Debtors	6	13	59
Cash at bank and in hand		13	12
		<u>26</u>	<u>71</u>
Creditors: amounts falling due within one year	7	(9,311)	(8,571)
		<u></u>	<u></u>
Net current liabilities		(9,285)	(8,500)
		<u></u>	<u></u>
Total assets less current liabilities		19,982	20,767
		<u></u>	<u></u>
Net Assets		19,982	20,767
		<u><u></u></u>	<u><u></u></u>
Capital and reserves			
Share capital	8	133	133
Share premium	8	164	164
Option reserve		111	96
Merger reserve		14,370	14,370
Retained earnings		5,204	6,004
		<u></u>	<u></u>
Shareholders' funds - equity		19,982	20,767
		<u><u></u></u>	<u><u></u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 8th October 2020.



M Kessler MBE
Director



C Boyle
Director

Company Registration No. 07904022

2M GROUP LIMITED**COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 APRIL 2020**

	Notes	2020 £'000	2019 £'000
Cash flows from operating activities			
Cash generated from operations	12	801	990
		<hr/>	<hr/>
Net cash generated by operating activities		801	990
		<hr/>	<hr/>
Cash flows from financing activities			
Repayments of loans and other obligations			-
Dividends paid to company's shareholders		(800)	(980)
		<hr/>	<hr/>
Net cash used in financing activities		(800)	(980)
		<hr/>	<hr/>
Net increase in cash and cash equivalents		1	10
Cash and cash equivalents at the beginning of the financial year		12	2
		<hr/>	<hr/>
Cash and cash equivalents at the end of the financial year	13	13	12
		<hr/> <hr/>	<hr/> <hr/>

2M GROUP LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 APRIL 2020**

	Share Capital	Share Premium	Merger Reserve	Options Reserve	Retained earnings	Total Equity Interests
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 May 2018	133	164	14,370	81	6,984	21,732
Share based payments	-	-	-	15	-	15
Total comprehensive loss for the year	-	-	-	-	-	-
Dividend paid	-	-	-	-	(980)	(980)
At 30 April 2019	133	164	14,370	96	6,004	20,767
Share based payments	-	-	-	15	-	15
Total comprehensive loss for the year	-	-	-	-	-	-
Dividend paid	-	-	-	-	(800)	(800)
At 30 April 2020	133	164	14,370	111	5,204	19,982

2M GROUP LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

1. Accounting policies

2M Group Limited is a private company limited by shares incorporated in England and Wales. The registered office is Quadrant House, Floor 6, 4 Thomas More Square, London, E1W 1YW.

These separate financial statements of the company are presented as required by the Companies Act 2006. The significant accounting policies applied in preparing the financial statements are set out below.

1.1 Accounting convention

The company financial statements have been prepared in accordance with FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (“FRS 102”) and the requirements of the Companies Act 2006.

The company financial statements are prepared in sterling, which is the financial currency of the company. Monetary amounts in these financial statements are rounded to the nearest £’000.

The company financial statements have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

Profit attributable to the members of the parent company

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company’s loss for the year was £29 (2019: £16).

Related Parties

The company has taken advantage of the exemption available in FRS 102 “Related party disclosures” whereby it has not disclosed transactions with any wholly owned subsidiary undertakings of the group.

1.2 Going concern

At the time of approving the financial statements, the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Whilst Covid-19 has negatively impacted some areas of the group’s business, the ability to respond to the rise in the requirement for hand sanitiser and related cleaning products and components, and to rapidly convert manufacturing facilities to production of such, the overall impact on the business has been positive. By strict adherence to Covid-19 guidelines, the group has been able to maintain production at all operational sites throughout lockdown.

By use of latest technologies, all aspects of commercial and administrative requirements have been handled remotely, and only in recent days have we seen any form of return to office working – again strictly managed, and subject to amended guidelines.

Liquidity is crucial to the business during these unprecedented times, and it is something that is monitored on a daily basis. Profitable trading, and judicious use of government support measures, mean that the Company is working well within the limits of its funding facilities.

This situation will continue to be monitored closely.

2M GROUP LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

1. Accounting policies (continued)

1.3 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

Impairment review

At each reporting period end date, the company reviews the carrying amounts of its fixed asset investments to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1.4 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.5 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

2M GROUP LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

1. Accounting policies (continued)

1.5 Financial instruments (continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.6 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

2M GROUP LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

1. Accounting policies (continued)

1.7 Retirement benefits

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

1.8 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current Tax

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

Deferred Tax

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.9 Share based payment transactions

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black-Scholes model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

The company participates in a share-based payment arrangement granted to its employees and employees of its subsidiaries. The company has elected to recognise and measure its share-based payment expense on the basis of a reasonable allocation of the expense for the group recognised in its consolidated accounts. The directors consider the number of unvested options granted to the company's employees compared to the total unvested options granted under the group plan to be a reasonable basis for allocating the expense.

The expense in relation to options over the company's shares granted to employees of a subsidiary is recognised by the subsidiary company in which the employee is remunerated.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

2M GROUP LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

2. Taxation

	2020 £'000	2019 £'000
UK corporation tax		
Current year tax credit	-	-
	<u>-</u>	<u>-</u>
Tax credit on profit on ordinary activities	-	-
	<u>-</u>	<u>-</u>
Factors affecting the tax charge for the year:		
Loss on ordinary activities before taxation	-	-
	<u>-</u>	<u>-</u>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporate tax of 19% (2019: 19%)	-	-
Effects of:		
Non-deductible items	-	-
Tax losses	-	-
	<u>-</u>	<u>-</u>
Current tax charge	-	-
	<u>-</u>	<u>-</u>

3. Dividends

	2020 £'000	2019 £'000
Interim dividends paid	800	980
	<u>800</u>	<u>980</u>

4. Fixed asset investments

	Shares in subsidiary undertakings £'000
Cost	
At 30 April 2019 and 30 April 2020	29,267
	<u>29,267</u>

2M GROUP LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

4. Fixed asset investments (continued)

The group's principal subsidiary undertakings (incorporated in England and Wales unless otherwise stated below) at 30 April 2020 were as follows:

Subsidiary undertakings	Activities	Ownership (ordinary shares & voting rights) 2020
Held directly:		
2M Holdings Limited	Holding company	100%
Held indirectly:		
Banner Chemicals Holdings Limited	Holding company	100%
Surfachem Holdings Limited	Holding company	100%
Packed Chlorine Limited	Distribution of chemical industry products	100%
CE-O2 Trockeneis GmbH	Distribution of chemical industry products	100%
Surfachem Deutschland GmbH	Distribution of chemical industry products	100%
2M Deutschland GmbH	Distribution of chemical industry products	100%
Banner Chemicals Limited	Holding company	100%
Samuel Banner & Co Limited	Formulation and distribution of solvents and performance cleaning product	100%
Prism Chemicals Limited	Blending and formulation of solvent and chemical products	100%
M P Storage and Blending Limited	Storage, drumming and blending of solvents and chemical products	100%
Banner Chemicals Benelux NV	Distribution of chemical industry products	100%
Stowlin Limited	Manufacture and distribution of chemical industry products	100%
Samuel Banner Property Co Limited	Property holding company	100%
Surfachem Group Limited	Holding Company	100%
Surfachem Limited	Distribution of chemical industry products	100%
FilRite Limited	Decanting and packaging of chemical industry products	100%
Samplerite Limited	Distribution of chemical industry samples	100%
Samplerite Qingdao Limited	Distribution of chemical industry samples	100%
Surfachem Nordic AS	Distribution of chemical industry products	67%
Surfachem Brasil Ltda	Distribution of chemical industry products	65%
Ingretech SAS (acquired December 2019)	Distribution of chemical industry products	70%

2M GROUP LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

4. Fixed asset investments (continued)

The group's dormant subsidiary undertakings (incorporated in England and Wales unless otherwise stated below) at 30 April 2020 were as follows:

Subsidiary undertakings	Activities	Ownership (ordinary shares & voting rights) 2020
Held indirectly:		
2M London Limited	Dormant	100%
SB Dormantco One Limited	Dormant	100%
SB Dormantco Three Limited	Dormant	100%
Samuel Banner Polymers Limited	Dormant	100%
K M Z Chemicals Limited	Dormant	100%
Integrated Chemicals Specialties Limited	Dormant	100%
Croftshaw (Solvents) Limited	Dormant	100%
Stowlin Croftshaw Limited	Dormant	100%
Stowlin Specialised Chemicals Limited	Dormant	100%
Gel-Chem Limited	Dormant	100%
Netscore Limited	Dormant	100%
Specialty Food Ingredients Limited	Dormant	100%
Surfachem International Limited	Dormant	100%
Worsall Limited	Dormant	100%

The subsidiary company, Banner Chemicals Benelux NV is incorporated in Belgium.

The subsidiary company Samplerite Qingdao Limited is incorporated in the People's Republic of China and has a reporting date of 31 December. The subsidiary prepares separate accounts for inclusion in the group consolidated financial statements which have been reviewed and agreed by the directors who do not consider that they are material within the context or value of the group as a whole.

The subsidiary company Surfachem Nordic AS is incorporated in Norway.

The subsidiary company Surfachem Brasil Ltda is incorporated in Brazil.

The subsidiary companies CE-O2 Trockeneis GmbH, Surfachem Deutschland GmbH and 2M Deutschland GmbH are incorporated in Germany.

The subsidiary company Ingretech SAS is incorporated in France.

2M GROUP LIMITED

**NOTES TO THE COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2020**

5. Financial instruments

	30 April 2020 £'000	30 April 2019 £'000
Carrying amount of financial assets		
Debt instruments measured at amortised cost	<u>6</u>	<u>6</u>
Carrying amount of financial liabilities		
Measured at amortised cost	<u>9,311</u>	<u>8,526</u>

6. Debtors

	30 April 2020 £'000	30 April 2019 £'000
Other debtors	6	6
Corporation tax repayable	7	53
	<u>13</u>	<u>59</u>

Other debtors include an amount receivable from employees of £6k (2019: £6k) for the transfer of shares between employees.

7. Creditors: Amounts falling due within one year

	30 April 2020 £'000	30 April 2019 £'000
Other creditors	-	45
Accruals	3	3
Due to subsidiary undertakings	9,308	8,523
	<u>9,311</u>	<u>8,571</u>

2M GROUP LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

8. Share capital

	Number of shares	Share capital £'000	Share premium £'000	Total £'000
Ordinary A shares	130,000	130	-	130
Ordinary B shares	1,490	2	164	166
Ordinary C shares	130,000	1	-	1
At 30 April 2019 and 30 April 2020	261,490	133	164	297

Ordinary A shareholders are entitled to vote at meetings of the company and each share in issue carries one vote. The shares have rights to dividends and capital to participate in any distribution pro-rata with the Ordinary B shares. Ordinary A shares are not redeemable.

Ordinary B shares rank pari passu in all respects with Ordinary A shares save that they carry no entitlement to vote at meetings of the company. The shares have rights to dividends and capital to participate in any distribution pro-rata with the Ordinary A shares. Ordinary B shares are not redeemable.

Ordinary C shares carry no entitlement to vote at meetings of the company, are not entitled to participate in dividend distributions, have only limited rights to participate in a distribution as respects to capital and are not redeemable.

9. Share based payment transactions

The company has granted share options under an Unapproved Share Option Plan (the 'Unapproved Plan').

Under the Unapproved Plan, options are granted to employees and directors to acquire Ordinary B shares at a price of £111.54 per share. In general, options vest after ten years and are exercisable if the group is sold or becomes listed on a recognised stock exchange.

The Company granted 2,600 share options under the Unapproved Plan in the year ending 30 April 2014 with total fair values estimated using the Black-Scholes option-pricing model of £287k. A discount rate of 50% has been applied to reflect the medium term possibility of the exercisable events occurring resulting in a cost of £144k being amortised over ten years.

A total expense of £15k has been charged in the subsidiary companies under which the employees are remunerated.

The following assumptions were used for the Black-Scholes valuation of share options granted in the prior period:

2M GROUP LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

9. Share based payment transactions (continued)

	Unapproved plan Issued 2012 Employees
Options granted	2,600
Risk-free interest rate	0.5%
Expected life of the options	10 years
Annualised volatility	23.39%

The options outstanding at 30 April 2020 have an exercise price of £111.54 per share and a weighted average remaining contractual life of 4.42 years.

10. Control

The director, M Kessler MBE, retains ultimate control of the group.

11. Guarantees and other financial commitments

- a) The company has granted a composite guarantee and debenture to Investec Bank plc in respect of amounts due to the bank.
- b) A subsidiary company, 2M Holdings Limited has issued guarantees to the Samuel Banner Pension Fund Limited as trustee of the Samuel Banner staff pension scheme. The guarantee states that 2M Holdings Limited is obliged to make payments to the Scheme up to a maximum amount of £4,500k.

12. Cash generated from operations

	2020 £'000	2019 £'000
Loss before taxation	-	-
<i>Add back non-operating items:</i>		
Financial expense	-	-
Cost of share options	15	15
<i>Adjustments for:</i>		
Decrease in debtors	46	48
Increase in payables	740	927
	<hr/>	<hr/>
Cash generated from operations	801	990
	<hr/>	<hr/>

13. Cash and cash equivalents

	2020 £'000	2019 £'000
Cash at bank and in hand	13	12
	<hr/>	<hr/>

14. Directors' transactions

Dividends totalling £755k (2019: £926k) were paid in the year in respect of shares held by the company's directors.