

Company Registration Number 00580471

**CP HOLDINGS LIMITED
ANNUAL REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2018**



CP HOLDINGS LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

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CP HOLDINGS LIMITED

COMPANY INFORMATION

Directors

I Gibbor - Chairman
P A Filer
M Gibbor
R Glatter
M Hennebry
M B Hirst OBE
P Hoffbrand
E Lewis
A J Schreier
J E Smith

Company secretary

E Lewis

Registered number

00580471

Registered office

CP House
Otterspool Way
Watford
Hertfordshire
WD25 8JJ

Independent auditor

Blick Rothenberg Audit LLP
Chartered Accountants and Statutory Auditor
16 Great Queen Street
Covent Garden
London
WC2B 5AH

CP HOLDINGS LIMITED

STRATEGIC REPORT INCORPORATING CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

Summary of group performance

I am pleased to report the 2018 results of the group. Turnover rose from £570m to £589m, the increase being largely due to the good performance from the Hotel division, which also contributed most of the increase in operating profit from £38.2m to £38.6m. Profit before tax of £35.9m was some £4.1m lower than 2017 mainly because of reduced profits on the disposal of properties. The underlying operating performance of the group was consistent with the prior year. As indicated previously, we are continuing to improve the quality of our fixed asset base through capital expenditure, a further £53m being invested in the year. Cash generation was reduced as a result of planned increases in inventory and fewer property sales.

In July 2019 the group purchased 66% of Eltrak SA, a company listed on the Athens Stock Exchange, for €30.5m. This acquisition which will enhance the machinery division. Further details are disclosed in the subsequent events section below.

Our principal divisions have performed as follows:

Hotel division

The division continues to own and operate city centre and spa hotels, predominantly in Central Europe as well as in the UK and Israel.

The division's strategic targets for 2018 were two-fold. Firstly, to continue to drive performance where market fundamentals allowed. Secondly, to further develop the organisational structure of the City and Spa hotel divisions, to best utilise the cost synergies resulting from the 2017 reorganisation of the division. The first target was fully met in 2018 with operating profit of £25.5m compared to £21.5m in the previous year. Good progress was made on establishing the Spa management company, with further work required in 2019.

In addition to continuing to drive performance, the focus for management in 2019 is to maintain and enhance the positive guest experience by improving the quality of products and services. This will be achieved by both capital expenditure and improved standards of guest service, through training and development of staff and increasing employee engagement. This will also mitigate the business risk arising from the fact that the hotels operate in economies with virtually full employment, meaning it is becoming increasingly difficult to attract and retain talented employees.

In the UK £3.9m was invested in hotel renovations. In Hungary the division continued to make significant hotel renovations which amounted to £28m. Management plans to continue capital investment in 2019, to maintain the hotels in a suitable condition to reflect the market needs.

The main operating and financial risks that the division faces are the exposure to fluctuating currencies in Europe, underlying economic conditions and competition from rival hotel operators. The currency risk is minimised by matching the expense of servicing the division's loans with revenues in the same currency. The European hotel asset market is largely denominated in Euros and the division's Euro loan liabilities are matched by its asset holdings. The economic exposure continues to be managed by spreading the division's activity across the region. There is also a staffing risk as it is becoming increasingly difficult to attract and retain talented employees, which we are mitigating by developing a culture that builds good relationships with our employees and by providing relevant training as mentioned above.

CP HOLDINGS LIMITED

STRATEGIC REPORT INCORPORATING CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

Hotel division (continued)

The key performance indicators (KPIs) for 2018 (2017) for the spa businesses are set out below:

	Hungarian spa	Czech spa	Slovakian spa	Romanian spa
Number of available rooms	1,221 (1,217)	847 (837)	1,184 (1,233)	396 (396)
Occupancy rate	78.0% (79.1%)	71.5% (76.5%)	67.9% (68.9%)	60.4% (61.6%)
	HUF	CZK	EUR	RON
Total revenue per room sold	34,361 (30,933)	3,798 (3,741)	125 (118)	524 (472)
	£'000	£'000	£'000	£'000
EBITDA	7,752 (7,613)	5,567 (6,470)	6,669 (6,356)	3,134 (3,094)
	£'000	£'000	£'000	£'000
Revenue	33,204 (30,785)	28,989 (29,126)	32,467 (32,104)	8,711 (8,071)
	HUF	CZK	EUR	RON
Average exchange rate	359.82 (352.88)	28.96 (30.04)	1.13 (1.14)	5.25 (5.21)

The EBITDA in 2018 in Hungary improved by 1.8% in GBP terms (10% increase in local currency terms). The health spa segment was successful in Budapest and Hévíz in 2018, owing to the Russian and Israeli markets. The results were also favourably impacted by improved total room-revenue rates and the hosting of several conferences and sports events.

In the Czech Republic, EBITDA decreased by 14% in GBP terms (17% decrease in local currency terms). Revenue decreased due to the fall in occupancy as 2018 was a challenging year with the main markets of Russia and Germany underperforming. The focus for 2019 is to regain the lost ground in 2018. While the main Russian market is expected to remain soft, sales efforts are being targeted to other Russian speaking countries, a renewed effort in Germany and growing the revenues from non-core markets e.g. Israel. Management continues to review the cost base to identify restructuring efficiencies.

In Slovakia, EBITDA increased by 5% in GBP terms (4% increase in local currency terms). There was an increase in the total revenue per room sold but a decrease in occupancy, leading to an overall improvement in reported revenue of 1% in GBP terms. For 2019, the focus is to re-capture the lost room nights through a combination of existing travel partners, expanding direct clients and developing new markets.

In Romania, EBITDA grew by 1.2% in GBP terms (2% in local currency terms). The final result for 2018 is considered satisfactory given the closure of one hotel for renovation in September 2018. The results for 2019 are likely to be impacted by the continued closure of the hotel for renovation for the entire year.

CP HOLDINGS LIMITED

STRATEGIC REPORT INCORPORATING CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

Hotel division (continued)

The key performance indicators (KPIs) for 2018 (2017) for the city hotel businesses are set out below:

	Hungarian hotels	UK hotel	Israeli hotel
Number of available rooms	3,429 (3,437)	363 (365)	171 (171)
Occupancy rate	77% (74.2%)	80.2% (80.3%)	57.14% (53.7%)
	HUF	GBP	NIS
Average room rate	18,283 (17,181)	100.84 (97.29)	650 (596)
	£'000	£'000	£'000
EBITDA	19,149 (15,911)	3,986 (3,911)	(77) (8)
	£'000	£'000	£'000
Revenue	86,452 (73,884)	13,011 (12,628)	8,270 (8,030)
	HUF	GBP	NIS
Average exchange GBP	359.82 (352.88)	1.00 (1.00)	4.79 (4.63)

The EBITDA in Hungary improved by 20.4% in GBP terms (22.7% in local currency terms). Improved market conditions in Budapest contributed to higher occupancy and average room rates in 2018, resulting in improved profitability. The revenue driver for 2019 will come from average room rate increases as yield management continues to be the principal focus.

In the UK, EBITDA increased by 1.9%. This is explained by revenues 3% ahead of last year due to higher average room rates. While trading at the start of 2018 was slow, the end of the year showed improved trading so there is generally a positive sentiment looking forward.

Revenue in the Israeli segment increased 3% in GBP terms (7% in local currency terms) due to higher occupancy. However, an increase in costs resulted in the EBITDA moving from a profit of £8k in 2017 to a loss of £77k in 2018. The focus in 2019 is to continue to drive volume.

CP HOLDINGS LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2018

Machinery division

The division continues to act as distributor for various brands of plant and machinery and the provision of associated services.

The strength of the business is built upon our relationships with our main suppliers. These relationships are managed with a view to continuing a long-term partnership thereby mitigating the main risk the division faces. The division is also exposed, in particular, to credit and liquidity risk and competition from rival distributors. The division monitors these risks on an ongoing basis and ensures that the potential impact is minimised by performing credit checks on major new customers, ensuring liquidity is continually monitored through the use of detailed cash flow forecasts and by providing first class customer care and service.

Turnover was £236m compared to £238m in 2017, the decrease mainly due to changes in sales mix. Operating profit was £8.3m compared to £11.2m in 2017. The difference is explained by sales being at lower margins, again due to changes in sales mix. Whilst there was a tight control of debtors which has led to the improvement in debtor days, stock days have risen due to planned increased holdings of stock at the year end in anticipation of sales in 2019. The focus next year is to improve profitability and to reduce stock days.

The key performance indicators are debtor days, stock days and gross profit percentage. The figures for 2018 (2017) are as follows:

	KPIs
Gross profit percentage	21.7% (22.7%)
Stock days	124 (98)
Debtor days	80 (88)

International trading division

The principal activity of the division continued to be that of added value resellers of goods and services in the agriculture, technology and allied sectors in East and West Africa.

Turnover was £113.2m (2017 £111.1m), the rise being accounted for by the agriculture division, whilst the technology division showed a reduction in turnover following some senior staff changes which caused a loss of momentum. The results for the current financial year show a loss before taxation of £1.46m (2017: £34k profit) which has arisen due to the decision to downsize the operation in Tanzania at a cost of £1.95m in order to focus on profitable and sustainable business there. This arose following a review of the historic, current and projected performance of the business as well as the challenging environment. Hence, ongoing operations showed a profit after tax of £0.49m.

Gross profit margin of 28.5% for 2018 was down on the prior year of 31.7%, primarily due to a change in the mix of the agricultural versus higher margin technology business. Despite the lower margins, the underlying operating profit of the agricultural division, before downsizing the operation in Tanzania, was £2.8m compared to £3m in 2017 as a result of the continued focus on cost control and resulting reduction in overheads.

The nature of our operations and the territories that we are invested in means that the division will continue to be subject to:

- Economic and political uncertainty in some territories which impacts on capital investment and new projects;
- Changing weather conditions, which will naturally affect our agriculture business;
- Instability in commodity prices which impacts on our customer spend; and
- Unpredictable foreign currency movements.

CP HOLDINGS LIMITED

STRATEGIC REPORT INCORPORATING CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

International trading division (continued)

The division operates in markets which are exposed to ecological and political uncertainties, which in turn results in credit and currency risks. The division manages this exposure by operating in a broad spread of countries and markets. To further mitigate the foreign exchange risk, where possible, the division invoices high value sales in US Dollars. In addition, the division also restricts the amount of local currency that can be held by its operating subsidiaries in Africa. A foreign exchange loss of £1.42m arose in 2018, reflecting an improvement compared to the 2017 loss of £2m.

Credit risk is controlled through vetting potential customers for credit worthiness as well as continuous monitoring of overdue balances and debtor days. In certain circumstances, the division will request advance payments before work is commenced. Where extended credit terms are granted to customers, adequate compensation to the division is achieved through enhanced margins.

The key performance indicators are debtor days, stock days and gross profit percentage. The figures for 2018 (2017) are as follows:

	KPIs	
Gross profit percentage	28.5%	31.6%
Stock days	146	(122)
Debtor days	129	(105)

Flexible workspace division

The principal activity of the division continued to be the provision of flexible workspace within London.

The results for the year and the financial position at the year-end were below expectations due to competitive pressures and uncertainties regarding Brexit, which have affected demand for office space. The directors remain cautious about the future. These pressures, together with the sale of a property in the year, resulted in a decrease in turnover of 9.6% and, as a consequence, operating profit decreased by £1.3m from the £3.7m generated in 2017. During the year there was a profit on sale of property of £1.6m. Thanet House, located on The Strand, London, WC2, was purchased in 2016 and following a major fit-out, opened in July 2018. Due to increased competition in the London flexible workspace market it has taken longer than expected to fill the centre, but it is anticipated that normal levels of occupancy will be achieved by the end of 2019.

Occupancy levels at the properties fell to 75% (2017: 82%), however this was partly offset by increases in average rates per workstation to £325 per month (2017: £291).

The division manages its cash and borrowing requirements to ensure that it has sufficient liquid resources to meet the operating needs of its business. Interest rate caps are used to reduce exposure to interest rate rises. The following are the principal operating risks and uncertainties facing the division:

- Economic recession;
- Competition from new and existing flexible workspace operators.

Measures to minimise the division's exposure to these risks have been taken and include more targeted marketing initiatives and investment in the sales function; a rolling program of refurbishments within the portfolio has been established to ensure that the facilities remain fit-for purpose and, where appropriate, to enhance their value; and the disposal mentioned above leaves the division solely invested in the London market in line with its strategic focus.

CP HOLDINGS LIMITED

STRATEGIC REPORT INCORPORATING CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

Logistics division

The division supplies logistics services in Hungary, mainly through the provision of warehousing and associated services. Operating profit was £2.22m (2017: £1.65m). The increase in operating profit was mainly due to higher demand for grain storage as a result of favourable weather conditions. The focus next year is to increase profitability and customers satisfaction. Working capital remains tightly controlled.

The main risks the division faces are increasing competition from newer sites and changes in the market for grain storage. The division monitors these risks on an ongoing basis and mitigates the potential impact by providing excellent customer service and competitive storage facilities and services.

The key performance indicators are gross profit percentage and debtor days. The relevant figures for 2018 (2017) are as follows:

	KPIs
Gross profit percentage	84.1% (84.2%)
Debtor days	77 (77)

The division is looking to develop its activities and bought a new site in 2018.

Civil engineering division

The division operates as property developers and building and civil engineering contractors. The turnover for the year was £4.76m compared to turnover of £3.1m in 2017. As a result of the increase in revenue the operating loss was reduced from £1.1m in 2017 to £0.83m in 2018. Work continues on seeking to develop the sites in the portfolio, all of which have long term potential.

Work in progress is £11.4m compared to £8.4m in 2017. It comprises the purchase of certain land and planning, development and financing costs incurred in connection with the various development projects being undertaken by the division.

The main risks the division faces are liquidity risk and credit risk. Exposure to these risks is monitored on an ongoing basis through detailed cash flow budgets, approaches to alternative sources of funding and ensuring credit checks are carried out on potential customers.

Subsequent events

In June 2019 the group entered into an agreement to dispose of the Hotel Gellert in Budapest. Completion is subject to a number of legal and regulatory matters. On completion, the hotel division will enter into a short term lease and will continue to operate the hotel.

In July 2019 the group purchased 66% of Eltrak SA, a company listed on the Athens Stock Exchange, for €30.5m. The company owns equipment dealership businesses in Greece and Bulgaria. The purchase consideration was funded in part by a new long term facility. A further 10% is held by a director who is remaining in the business. Under Greek law it is necessary to launch a Mandatory Tender Offer for the outstanding 24% held by the public. Any further shares acquired will also be part funded by the new long term facility.

Financial risk management objectives and policies

The group's activities expose it to a number of financial risks including price, credit, cash flow, exchange and liquidity risk. These matters are discussed, where material for the assessment of the assets, liabilities, financial position and profit or loss of the group, in the earlier sections of this report dealing with the group's principal divisions. The use of financial derivatives is governed by the group's policies approved by the board of directors. The group's policy is not to use derivative financial instruments for speculative purposes.

CP HOLDINGS LIMITED

STRATEGIC REPORT INCORPORATING CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

Brexit

The group is continually monitoring political developments in the UK to identify and assess the medium to long-term implications of Brexit and the impact that it may have on our business. Uncertainty over the UK's eventual relationship with the EU creates a more unclear outlook for the UK economy. Accordingly, the group has had a prudent approach to growing its presence in the UK.

Corporate social responsibility

The group actively monitors adherence to governance and regulatory requirements. It has a number of internal policies and standards to ensure compliance and, where appropriate, provides training to relevant members of staff where needed. The recommended codes of conduct are regarded as minimum standards for serving to protect the welfare of the communities, customers and staff with whom we operate. The impact of the group's activities on the environment is monitored.

The group has zero tolerance to slavery and human trafficking and our statement is made in accordance with the Modern Slavery Act 2015, which is reviewed by the board annually.

Governance framework

The board has considered the Companies (Miscellaneous Reporting) Regulations 2018 for accounting years beginning on or after 1 January 2019, with a view to meeting the applicable requirements.

These requirements focus primarily on the directors' application of their section 172 duty to promote the success of the group, as set out in the Companies Act 2006, along with stakeholder and employee engagement. The group is currently undergoing an assessment as to its readiness to ensure its directors both at group board and subsidiary board level are able to report on their section 172 duties. This assessment is based on the criteria set out below:

- Strategy: Opportunities and risk
- Training
- Information
- Policies and process
- Engagement

CP Holdings - its people

I would like to express my appreciation to our management and staff for their continued dedication and commitment to the group.

The directors and I are committed to promoting the health, safety and welfare of our staff.

CP HOLDINGS LIMITED

STRATEGIC REPORT INCORPORATING CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

The future

The outlook for our UK businesses has weakened since the year end. We continue to take a long term approach and the flexible workspace division opened a new centre on the Strand in London in 2018, where occupancy is now building. In 2020 we will commence operating a thermal spa hotel at the Buxton Crescent in Derbyshire which we have been redeveloping in a joint venture.

Outside the UK our businesses have benefitted from the prevailing economic conditions and we will continue our focus on the hotel division in which further significant capital expenditure is planned. Our acquisition of Eltrak SA will improve the sector balance and further diversify the risk profile of our group and we look forward to integrating its business. The proceeds of the hotel we sold in Hungary will give us further liquidity to fund our growth and development. The underlying strength of our group, enhanced by these two transactions, means that we can be confident about the long term future even in the face of global uncertainty.

This report was approved by the board and signed on its behalf.

Signed by:



I Gibbor
Chairman

Date: 23 July 2019.

CP HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their report and the consolidated financial statements of the group for the year ended 31 December 2018.

Principal activities and business review

The activities of the group and a review of the results for the year are included in the strategic report.

Financial risk management objectives and policies

The financial risk management objectives and policies of the group are set out in the strategic report.

Results and dividends

The group's profit for the financial year was £31,500,000 (2017: £34,971,000).

A dividend of £1,750,000 (2017: £1,250,000) was paid in the current year on the ordinary shares.

Directors

The directors who served during the year were as follows:

I Gibbor (chairman)
Lady Schreier
P A Filer
M Gibbor
R Glatter
M Hennebry
M B Hirst OBE
P Hoffbrand
R M Levy (resigned 28 March 2018)
E Lewis
A J Schreier
J E Smith

It is with deep regret that the directors announce the death of Lady Schreier on 10 March 2019.

Matters covered in the strategic report

As permitted by S414c (11) of the Companies Act 2006, the directors have elected to disclose information, required to be in the directors' report by Schedule 7 of the 'Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008', in the strategic report.

Employee involvement

During the year, the policy of providing employees with information about the group has been continued and employees are able to present their suggestions and views on the group's performance. Discussions are held between local management and employees and these allow for an exchange of information and ideas.

There is no employee share scheme. However, the directors encourage the involvement of employees in the group's performance through other means.

CP HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

Disabled persons

Disabled persons are employed by the group where they appear to be suited to a particular position. The aptitude and abilities of disabled persons are more easily met in certain aspects of the group's affairs and every effort is made to ensure that they are given full and fair consideration.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland.' Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and group's auditor is aware of that information.

CP HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

Events subsequent to the balance sheet date

In June 2019 the group entered into an agreement to dispose of the Hotel Gellert in Budapest. Completion is subject to a number of legal and regulatory matters. On completion, the hotel division will enter into a short term lease and will continue to operate the hotel.

In July 2019 the group purchased 66% of Eltrak SA, a company listed on the Athens Stock Exchange, for €30.5m. The company owns equipment dealership businesses in Greece and Bulgaria. The purchase consideration was funded in part by a new long term facility. A further 10% is held by a director who is remaining in the business. Under Greek law it is necessary to launch a Mandatory Tender Offer for the outstanding 24% held by the public. Any further shares acquired will also be part funded by the new long term facility.

This report was approved by the board and signed on its behalf.



I Gibbor
Chairman

Date: 23 JULY 2019

CP HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CP HOLDINGS LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2018

Opinion

We have audited the financial statements of CP Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2018, which comprise the group profit and loss account, the group statement of comprehensive income, the group and company balance sheets, the group statement of cash flows, the group and company statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2018 and of the group's profit or loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We 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 or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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.

CP HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CP HOLDINGS LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2018

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the group 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 group 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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement on page 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

CP HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CP HOLDINGS LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2018

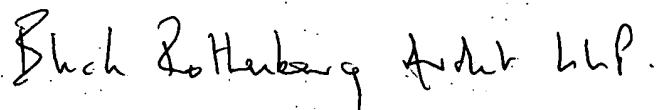
Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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



Christopher Shepherd (senior statutory auditor)

for and on behalf of

Blick Rothenberg Audit LLP

Chartered Accountants

Statutory Auditor

16 Great Queen Street

Covent Garden

London

WC2B 5AH

Date: 23 July 2019

CP HOLDINGS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 £'000	2017 £'000
Turnover	4	588,545	570,192
Cost of sales		(369,543)	(354,945)
Gross profit		219,002	215,247
Selling and distribution costs		(47,092)	(46,889)
Administrative expenses		(140,963)	(137,952)
Other operating income		7,614	7,761
		(180,441)	(177,080)
Operating profit	5	38,561	38,167
Share of profit/(loss) in:			
Joint ventures		(730)	367
Associated undertakings		(649)	(112)
Total operating profit: group and share of joint ventures and associated undertakings		37,182	38,422
Profit on disposal of fixed assets		4,232	13,011
Revaluation of investment properties		72	(1,959)
Revaluation of listed investments		37	(1,897)
Profit on disposal of investments		-	700
Loss on disposal of operations		-	(433)
Income from other fixed asset investments		-	1,107
Profit before interest		41,523	48,951
Interest receivable and similar income	8	3,573	1,144
Interest payable and similar expenses	8	(9,140)	(10,648)
Profit before taxation		35,956	39,447
Tax on profit	9	(4,456)	(4,476)
Profit for the financial year		31,500	34,971
Profit for the year attributable to:			
Non-controlling interests		1,850	1,451
Owners of the parent company		29,650	33,520
		31,500	34,971

CP HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 £'000	2017 £'000
Profit for the financial year	31,500	34,971
Other comprehensive income		
Exchange difference arising on retranslation of subsidiary undertakings	(2,354)	8,590
Actuarial loss recognised on defined benefit pension scheme	(287)	(2,037)
Total other comprehensive (loss)/income for the year	(2,641)	6,553
Total comprehensive income relating to the year	28,859	41,524
Attributable to:		
Non-controlling interests	1,690	2,257
Owners of the parent company	27,169	39,267
	28,859	41,524

CP HOLDINGS LIMITED

BALANCE SHEETS

AS AT 31 DECEMBER 2018

	Note	Group 2018 £'000	2017 £'000	Company 2018 £'000	2017 £'000
Fixed assets					
Goodwill	11	6,514	4,331	-	-
Negative goodwill	11	(9,879)	(11,486)	-	-
		(3,365)	(7,155)	-	-
Other intangible assets	11	1,955	1,230	-	-
Tangible assets	12	476,037	457,991	10,850	11,015
Investment in joint venture undertakings	13	7,271	8,061	8,434	8,009
Investment in associated undertakings	13	1,777	3,527	-	-
Loans to group undertakings	13	-	-	20,332	26,161
Other investments	13	4,040	3,994	166,312	143,631
		487,715	467,648	205,928	188,816
Current assets					
Stocks	14	108,725	85,091	-	-
Debtors	15	139,148	140,768	64,189	37,362
Investments	16	8,008	8,910	4,006	-
Cash at bank and in hand		57,116	60,438	11,366	17,678
		312,997	295,207	79,561	55,040
Creditors: Amounts falling due within one year	17	(236,599)	(220,992)	(22,438)	(3,430)
Net current assets		76,398	74,215	57,123	51,610
Total assets less current liabilities		564,113	541,863	263,051	240,426
Creditors: Amounts falling due after more than one year	18	(98,457)	(98,699)	(7,000)	(7,000)
Provisions for liabilities and charges	19	(14,813)	(15,553)	(1,329)	(1,319)
Net assets before pension deficit		450,843	427,611	254,722	232,107
Pension deficit	26	(1,467)	(1,872)	(1,467)	(1,872)
Net assets		449,376	425,739	253,255	230,235

CP HOLDINGS LIMITED

BALANCE SHEETS

AS AT 31 DECEMBER 2018

	Note	Group 2018 £'000	2017 £'000	Company 2018 £'000	2017 £'000
Capital and reserves					
Called-up equity share capital	22	100	100	100	100
Profit and loss account	21	400,694	375,256	253,155	230,135
Capital reserve	21	19,940	19,940	-	-
Shareholders' funds		420,734	395,296	253,255	230,235
Non-controlling interests		28,642	30,443	-	-
		449,376	425,739	253,255	230,235

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The profit after tax of the parent company for the year was £25,057,000 (2017: £19,949,000).

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



I Gibbor
Chairman

Date: 23 July 2019

Company Registration Number: 00580471

CP HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Share capital £'000	Profit and loss account £'000	Capital reserves £'000	Shareholders' equity £'000	Non-controlling interests £'000	Total equity £'000
Balance as at 1 January 2017	100	337,279	19,953	357,332	28,638	385,971
Profit for the financial year	-	33,520	-	33,520	1,451	34,971
Other comprehensive income for the year	-	5,747	-	5,747	806	6,553
Total comprehensive income for the year	-	39,267	-	39,267	2,257	41,524
Dividends	-	(1,250)	-	(1,250)	(962)	(2,212)
Addition on acquisition of subsidiary	-	-	-	-	509	509
Other	-	(40)	(13)	(53)	-	(53)
Total transactions with owners	-	(1,290)	(13)	(1,303)	(453)	(1,756)
Balance as at 31 December 2017 and 1 January 2018	100	375,256	19,940	395,296	30,443	425,739
Profit for the financial year	-	29,650	-	29,650	1,850	31,500
Other comprehensive income for the year	-	(2,481)	-	(2,481)	(160)	(2,641)
Total comprehensive income for the year	-	27,169	-	27,169	1,690	28,859
Dividends	-	(1,750)	-	(1,750)	(468)	(2,218)
Dividend waiver by non-controlling interest	-	260	-	260	(260)	-
Addition on acquisition of subsidiary	-	(241)	-	(241)	-	(241)
Acquisition of non-controlling interest	-	-	-	-	(2,763)	(2,763)
Total transactions with owners	-	(1,731)	-	(1,731)	(3,491)	(5,222)
Balance as at 31 December 2018	100	400,694	19,940	420,734	28,642	449,376

CP HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Share capital £'000	Profit and loss account £'000	Total equity £'000
Balance as at 1 January 2017	100	213,473	213,573
Profit for the financial year	-	19,949	19,949
Actuarial loss recognised on defined benefit pension scheme	-	(2,037)	(2,037)
Total comprehensive income for the year	-	17,912	17,912
Dividends	-	(1,250)	(1,250)
Total transactions with owners	-	(1,250)	(1,250)
Balance as at 31 December 2017 and 1 January 2018	100	230,135	230,235
Profit for the financial year	-	25,057	25,057
Actuarial loss recognised on defined benefit pension scheme	-	(287)	(287)
Total comprehensive income for the year	-	24,770	24,770
Dividends	-	(1,750)	(1,750)
Total transactions with owners	-	(1,750)	(1,750)
Balance as at 31 December 2018	100	253,155	253,255

CP HOLDINGS LIMITED

CONSOLIDATED CASH FLOW STATEMENT

YEAR ENDED 31 DECEMBER 2018

	2018 £'000	2018 £'000	2017 £'000	2017 £'000
Profit for the financial year		31,500		34,971
Adjustments for:				
Depreciation and amortisation	28,376		29,673	
Share of loss/(profit) in joint ventures	730		(367)	
Share of loss in associated undertakings	649		112	
Profit on disposal of tangible fixed assets	(4,232)		(13,011)	
Revaluation of investment properties	(72)		1,959	
Revaluation of listed investments	(37)		1,897	
Profit on disposal of fixed asset investments	-		(267)	
Post employment benefits less payments	9		(1,975)	
Income from other fixed asset investments	-		(1,107)	
Net interest payable	5,567		9,504	
Tax on profit on ordinary activities	4,456		4,476	
Movement in stock	(22,797)		20,286	
Movement in debtors	3,007		(4,970)	
Movement in creditors and provisions	9,181		4,285	
Net cash generated from operating activities		24,837		50,495
Corporation tax paid		(3,528)		(9,708)
Cash flows from investing activities				
Payments to acquire tangible fixed assets	(52,633)		(59,968)	
Receipts from sale of tangible fixed assets	7,229		22,210	
Payment to acquire intangible fixed assets	(1,072)		-	
Payments to acquire fixed asset investments	(14)		(2,053)	
Payments to acquire subsidiary (net of cash acquired)	(6,237)		(668)	
Receipts from sale of subsidiary (net of cash disposed)	-		5,754	
(Loans to)/repayment of loans to joint ventures and associates	(472)		1,820	
Interest received	839		693	
Dividends and cash distributions received	113		1,821	
Net cash used in investing activities		(52,247)		(30,391)
Cash flows from financing activities				
Increase in loans	24,322		9,773	
Repayment of loans	(18,450)		(24,301)	
Interest paid	(7,766)		(8,265)	
Dividends paid	(2,218)		(2,140)	
Net cash used in financing activities		(4,112)		(24,933)
Net increase/(decrease) in cash and cash equivalents		(3,550)		20,434
Cash and cash equivalents at the beginning of the year		5,491		(16,347)
Effect of foreign exchange rate changes on cash and cash equivalents		(767)		1,404
Cash and cash equivalents at the end of the year		1,174		5,491
Cash and cash equivalents at the end of the year				
Cash at bank and in hand		57,116		60,438
Current asset investments		8,008		8,910
Overdrafts		(63,950)		(63,857)
		1,174		5,491

CP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

1. General information

The group operates multinationally in a variety of segments as set out in the chairman's statement.

The company is a private company limited by shares and is incorporated in England and Wales. Its registered office and principal place of business is CP House, Otterspool Way, Watford, Hertfordshire, WD25 8JJ.

The functional currency of the company is Sterling (£) and the financial statements are presented in Sterling (£).

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and certain financial assets measured at fair value through profit or loss, and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland ('FRS 102') and the Companies Act 2006.

The company has taken advantage in preparing these financial statements, as permitted by FRS 102, of the exemption from the requirement to present a company statement of cash flows (Section 7 statement of cash flows and Section 3 financial statement presentation paragraph 3.17(d)).

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 December 2018.

All undertakings over which the group exercises control, being the power to govern the financial and operating policies so as to obtain benefits from their activities, are consolidated as subsidiary undertakings. Where a subsidiary has different accounting policies to the group, adjustments are made to those subsidiary financial statements to apply the group's accounting policies when preparing the consolidated financial statements.

Any subsidiary undertakings or associates sold or acquired during the year are included up to, or from, the dates of change of control or change of significant influence respectively. Where control of a subsidiary is lost, the gain or loss is recognised in the consolidated income statement.

Entities in which the group holds an interest on a long-term basis and which are jointly controlled by the group and one or more other co-ventures are treated as joint ventures. In the consolidated financial statements joint ventures are accounted for using the equity method. Loans to joint ventures are included in investments where they are of a long-term nature.

Entities in which the group has a participating interest and over whose financial and operating policies the group exerts a significant influence, are treated as associates. In the consolidated financial statements associates are accounted for using the equity method. Loans to associated undertakings are included in investments where they are of a long-term nature.

CP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (*continued*)

2.3 Going concern

After making enquiries, the directors have a reasonable expectation that the company and group have adequate resources to continue in operational existence and meet its liabilities as they fall due for the foreseeable future, being a period of at least twelve months from the date these financial statements were approved. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

2.4 Revenue recognition

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

Sale of goods

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

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

Rendering of services

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

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

2.5 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the fair value of its identifiable assets and liabilities at the date of acquisition. Goodwill is amortised on a straight line basis to profit or loss account over its useful economic life.

Positive goodwill arising on acquisitions, representing the excess of the fair value of the purchase consideration over the fair value of the identifiable net assets acquired, is capitalised and written off on a straight line basis over its useful economic life, which is between 5 and 10 years.

Negative goodwill arising on acquisitions, representing the excess of the fair value of the identifiable net assets acquired over the fair value of the purchase consideration, is recognised and separately disclosed from positive goodwill. Negative goodwill up to the fair values of the non-monetary assets acquired is amortised over the periods in which the non-monetary assets are expected to be recovered. Negative goodwill in excess of the fair values of non-monetary assets acquired is amortised over the periods expected to benefit.

CP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.5 Intangible assets (continued)

On acquisitions prior to the year ended 31 December 1998 goodwill was eliminated against reserves or negative goodwill credited to a capital reserve in the year of acquisition in accordance with the accounting standard then in force. As permitted by FRS 102 no adjustment on transition to the standard has been made to goodwill or negative goodwill previously eliminated or credited to reserves.

Where the group increases its controlling interest in an undertaking that is already a subsidiary undertaking, the identifiable assets and liabilities of the subsidiary are not revalued to fair value and no additional goodwill is recognised. The transaction is accounted for as a transaction between equity holders. The carrying amount of the non-controlling interest is adjusted to reflect the change in the group's interest in the subsidiary's net assets. Any differences between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid is recognised directly in equity and attributed to equity holders of the parent.

Other intangible assets

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

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed five years. The estimated useful lives range as follows:

Software and other intangibles	3 to 5 years
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The amortisation charge is included within "administrative expenses" within profit or loss.

2.6 Tangible fixed assets

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

Subsequent costs, including major inspections, are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probably that economic benefits associated with the item will flow to the group and the cost can be measured reliably.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives. Depreciation is provided on the following basis:

Freehold land	Nil
Freehold property	2% - 6% straight line
Leasehold Property	over the period of the lease
Plant, fixtures & fittings	10% - 33% reducing balance
Motor vehicles	25% reducing balance

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other operating income/expenses" in profit or loss.

CP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (*continued*)

2.7 Leasing:

Lessor

Rentals received under operating leases are credited to the profit or loss on a straight line basis over the period of the lease.

The group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard on 1 January 2014 to continue to be recognised over the period to the first market rent review rather than the term of the lease.

Lessee

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to profit or loss over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

The group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard on 1 January 2014 to continue to be recognised over the period to the first market rent review rather than the term of the lease.

2.8 Investment property

Investment property is carried at fair value determined annually by internal and external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in profit or loss.

2.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in listed shares are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in profit or loss.

2.10 Stocks and work in progress

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

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

CP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (*continued*)

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than 14 days from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the group's cash management.

2.12 Financial instruments

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

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 group after deducting all of its liabilities.

The company's policies for its major classes of financial assets and financial liabilities are set out below.

Financial assets

Basic financial assets, including trade and other debtors, amounts owed by associates and joint ventures and current asset investments, are initially recognised at transaction price, 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.

Such assets are subsequently carried at amortised cost using the effective interest method.

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 publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow group companies and preference shares, 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 payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Preference shares, which result in fixed returns to the holder or are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in profit or loss as interest payable.

CP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (*continued*)

2.12 Financial instruments (*continued*)

Derivatives

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in interest payable or interest receivable as appropriate.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

Impairment of financial assets

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. 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.

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

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 and financial liabilities

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Offsetting

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

2.13 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in profit or loss in the same period as the related expenditure.

CP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (*continued*)

2.14 Foreign currency translation

Functional and presentation currency

The company's functional currency is Sterling (£).

Transactions and balances - company

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

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within "interest payable and similar expenses". All other foreign exchange gains and losses are presented in profit or loss within "other operating income".

Consolidation - translation of subsidiary undertakings

On consolidation, the results of overseas operations in their functional currencies are translated into Sterling at rates approximating to those ruling when the transactions took place (the average rate). All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at average rate are recognised in other comprehensive income and allocated between equity holders of the parent and non-controlling interest as appropriate.

2.15 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.16 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within "interest payable and similar expenses".

2.17 Employee benefits

Short term employee benefits including holiday pay accrual

A liability is recognised to the extent of any short term employee benefits, including unused holiday pay entitlement, which is accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future employee benefit so accrued at the balance sheet date.

Defined contribution pension plan

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

CP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (*continued*)

2.17 Employee benefits (*continued*)

Defined contribution pension plan (*continued*)

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plans are held separately from the group in independently administered funds.

Defined benefit pension plan

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

The liability recognised in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of the plan assets at the reporting date.

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

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

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts are disclosed as 'actuarial (loss) / gain recognised on defined benefit pension scheme'.

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

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

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

Other long term employee benefits

A liability is recognised to the extent of any long term employee benefits which is accrued at the balance sheet date and carried forward to future periods. This is measured at the net total of:

- (a) the present value of the benefit obligation at the reporting date; minus
- (b) the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The change in the liability is recognised in profit or loss.

2.18 Interest income

Interest income is recognised in profit or loss using the effective interest method.

CP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (*continued*)

2.19 Provisions

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

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

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

2.20 Current and deferred taxation

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

Current tax is the amount of income tax payable in respect of taxable profit for the year or prior years.

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

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expense in tax assessments in periods different from those in which they are recognised in the financial statements.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits arising in the same jurisdiction; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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

CP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the group's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The following are the critical judgements and estimations that the directors have made in the process of applying the group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

a. Useful economic lives and amortisation of intangible assets and goodwill

Intangible assets and goodwill are amortised over their estimated useful lives. Future results are impacted by the amortisation periods adopted and, potentially, any differences between estimated and actual circumstances related to individual intangible assets. See note 2.5 for the useful economic lives for each class of assets.

b. Impairment of goodwill, intangible assets and tangible assets

In preparing these financial statements, the directors have exercised judgement in determining whether there are indicators of impairment of the group's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Goodwill is carried at cost less accumulated amortisation and impairment. At each reporting date an assessment is made as to whether an indication of impairment exists. If such indication exists, an estimate is made of the recoverable amount of the goodwill which is the recoverable amount of the cash-generating unit to which the goodwill belongs. The recoverable amount is the present value of the future cash flows expected to be recovered from the cash-generating unit. Estimates are used in determining the future profitability and cash-generating ability of the cash generating unit and the pre-tax discount rate used in discounting these projected cash flows. Actual outcomes could be different from the estimates. In preparing the financial statements the directors did not identify any indicators of impairment. See notes 11 and 12 for the carrying amount of the intangible and tangible assets.

c. Valuation of investment properties

The group engaged both internal and independent valuation specialists to determine fair value at 31 December 2018. Investment properties are professionally valued annually mainly using a yield methodology. This method uses market rental values capitalised at a market capitalisation rate but there is an inevitable degree of judgement involved in that each property is unique and value can only ultimately be reliably tested in the market itself. See note 12 for the carrying amount of the investment properties.

CP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

3. Judgements in applying accounting policies and key sources of estimation uncertainty (*continued*)

d. Provisions, including impairment of debtors and stock

Management review debtor balances on an annual basis. In determining whether there is a need for a provision, management is required to determine their best estimate of the future expected cash flows. In arriving at this estimate, management consider historical experience and current trends. See note 15 for the net carrying amount of the debtors.

The carrying value of stock, at the lower of cost and net realisable value, is dependent on key judgements and estimates that are made by management. The judgements relating to stock include an estimation of future expected average sales prices and disposal costs. These judgements also include consideration of specific factors and the developments in the market that have been identified throughout the year and subsequent to the year-end. Actual outcomes could be different to the assumptions used in determining the estimates. See note 14 for the net carrying amount of stock.

The group assesses all potential liabilities and uncertainties in light of the requirements of FRS 102 Section 21 Provisions and Contingencies. In particular, the group assesses whether the likelihood of settlement is probable in which case provisions are recognised when the amounts can be reliably estimated. Potential liabilities that are either not probable and/or cannot be reliably measured are treated as contingent liabilities and separately disclosed in the financial statements. See note 19 for the carrying amount of provisions.

CP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

4. Divisional information

	Turnover		Operating profit / (loss)		Total assets less current liabilities	
	2018	2017	2018	2017	2018	2017
	£'000	£'000	£'000	£'000	£'000	£'000
Principal activities						
Hotel division	210,726	194,322	25,540	21,528	297,107	281,977
Machinery division	236,018	238,121	8,305	11,146	57,549	54,648
International trading division	113,260	111,088	849	3,004	23,112	24,416
Flexible workspace division	10,676	11,807	2,440	3,666	47,262	46,466
Logistics division	7,182	6,625	2,223	1,654	22,897	21,919
Civil engineering division	4,758	3,067	(826)	(1,056)	10,331	11,952
Other activities	5,925	5,162	30	(1,775)	29,052	21,479
	588,545	570,192	38,561	38,167	487,310	462,857
Net non-operating assets*					76,803	79,006
					564,113	541,863
Operating profit			38,561	38,167		
Share of profit/(loss) in:						
Joint ventures			(730)	367		
Associated undertakings			(649)	(112)		
Income for the year from:						
Profit on disposal of fixed assets			4,232	13,011		
Revaluation of investment properties			72	(1,959)		
Revaluation of listed investments			37	(1,897)		
Profit on disposal of investments			-	700		
Loss on disposal of operations			-	(433)		
Income from other fixed asset investments			-	1,107		
Net interest payable			(5,567)	(9,504)		
Profit before taxation			35,956	39,447		

*Net non-operating assets include intangible fixed assets, fixed asset investments, current asset investments, short-term deposits and cash.

CP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

4. Divisional information (continued)

	Turnover		Operating profit		Total assets less current liabilities	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Geographical analysis by location						
United Kingdom	40,759	37,790	2,307	3,016	124,588	111,930
Rest of Europe	247,446	215,626	30,806	23,117	293,242	281,159
Rest of the World	300,340	316,776	5,448	12,034	69,480	69,768
	588,545	570,192	38,561	38,167	487,310	462,857
Net non-operating assets					76,803	79,006
					564,113	541,863

Geographical analysis of turnover by destination

	2018 £'000	2017 £'000
United Kingdom	39,676	35,166
Rest of Europe	247,446	215,626
Rest of the World	301,423	319,400
	588,545	570,192

An analysis of the group's turnover by category is as follows:

	2018 £'000	2017 £'000
Sale of goods	382,650	369,101
Services	205,895	201,091
	588,545	570,192

CP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

5. Operating profit

Operating profit is stated after charging/(crediting):

	2018 £'000	2017 £'000
Depreciation and amortisation	28,376	29,672
Operating lease costs:		
- land and buildings	1,071	1,848
- plant and machinery	1,398	1,457
Exchange differences	4,589	313
Impairment loss on tangible fixed assets	-	207
Cost of stock recognised as an expense	256,591	239,025
Fair value movements on investments	37	(1,897)
Impairment charge - inventories	787	3,817
Impairment charge - trade receivables	1,814	1,209
Auditor's remuneration:		
Fees payable to the company's auditor for the audit of the group's and parent company's annual accounts	140	129
Fees payable to the company's auditor for other services		
- the audit of the company's subsidiaries pursuant to legislation	328	289
- tax services	103	91
Fees payable to the company's auditors in respect of an associated pension scheme		
- audit	10	8

6. Particulars of employees

The average number of staff, including the directors, employed by the group during the financial year was:

	2018 Number	2017 Number
Production, selling and distribution	6,002	6,027
Management and administration	960	1,032
	6,962	7,059

The aggregate payroll costs of the above were:

	2018 £'000	2017 £'000
Wages and salaries	102,222	100,834
Social security costs	21,541	21,655
Other pension costs	5,175	4,819
	128,938	127,308

CP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

7. a) Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were:

	2018 £'000	2017 £'000
Emoluments	2,187	3,211
Company contributions to defined contribution scheme	51	47
	<u>2,238</u>	<u>3,258</u>

The number of directors who are accruing benefits under company pension schemes were:

	2018 Number	2017 Number
Defined benefit schemes	1	1
Defined contribution schemes	<u>3</u>	<u>3</u>

The highest paid director's aggregate emoluments in respect of qualifying services were:

	2018 £'000	2017 £'000
Total emoluments	417	851
Company contributions to defined contribution scheme	27	-
Defined benefit pension scheme - accrued pension at end of year	<u>-</u>	<u>74</u>

b) Key management compensation

Key management includes the directors and members of senior management. The compensation paid or payable to key management for employee services is shown below:

	2018 £'000	2017 £'000
Salary and other short-term benefits	<u>4,364</u>	<u>5,310</u>

CP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

8. Net interest payable

	2018 £'000	2017 £'000
Interest payable and similar expenses		
Interest payable on bank loans and overdrafts	(7,517)	(7,788)
Interest payable on preference shares	(315)	(315)
Other interest payable	(1,192)	(162)
Total interest expense on financial liabilities not measured at fair value through profit or loss	(9,024)	(8,265)
Fair value losses on financial instruments - forward currency contracts	(4)	(2,236)
Fair value losses on financial instruments - interest rate swaps	(112)	(147)
	(9,140)	(10,648)
Interest receivable and similar income		
Interest receivable and similar income	839	693
Total interest income on financial assets not measured at fair value through profit or loss	839	693
Fair value gains on financial instruments - forward currency contracts	2,420	-
Fair value gains on financial instruments - interest rate swaps	314	451
	3,573	1,144

9. Tax on profit

	2018 £'000	2017 £'000
Current tax:		
UK corporation tax based on the results for the year at 19% (2017: 19.25%)	1,147	2,070
Adjustments in respect of previous years	(398)	(860)
Overseas tax based on the results for the year	4,301	4,479
Total current tax	5,050	5,689
Deferred tax in relation to pension costs	(7)	335
Increase in deferred tax assets	(918)	(518)
Increase/(decrease) in deferred tax provision	331	(1,030)
Tax on profit	4,456	4,476

CP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

9. Tax on profit (continued)

Factors affecting tax charge

The tax assessed on the profit on ordinary activities for the year is lower (2017: lower) than the standard rate of corporation tax in the UK of 19% (2017: 19.25%). The differences are explained below:

	2018 £'000	2017 £'000
Profit before taxation	35,956	39,447
Profit multiplied by rate of tax	6,832	7,594
Expenses not deductible	4,557	1,477
Income not subject to tax	(1,009)	(1,542)
Losses carried forward	(1,234)	506
Permanent differences in respect of fixed assets	(4,207)	(4,494)
Temporary differences in respect of fixed assets	(505)	(847)
Adjustments in respect of previous years	(526)	69
Effect of different rates of tax	961	30
Other	(413)	1,683
Total tax on profit	4,456	4,476

The aggregate current and deferred tax relating to items that are recognised as items of other comprehensive income is a charge of £59,000 (2017: charge of £417,000).

Factor that may affect future tax changes

At 31 December 2018 there were tax losses of £66,487,000 (2017: £71,535,000) in subsidiary undertakings available to be carried forward and set off against future taxable profits. Losses in certain subsidiary undertakings give rise to a potential deferred tax asset of approximately £9,825,000 (2017: £9,553,000) which has not been recognised in these financial statements in view of the uncertainty as to their future levels of profitability. These losses will be utilised as and when sufficient taxable profits are made.

Hungarian unused tax losses can be utilised over 10 years for losses incurred prior to 31 December 2014. Losses incurred after this date can be carried forward for five years. There is no time restriction on tax losses carried forward in other jurisdictions.

Tax rate changes

A reduction to the UK corporation tax rate to 17%, effective from 1 April 2020, was substantively enacted as part of the Finance (No. 2) Act 2016 on 6 September 2016.

Changes to the Israeli corporation tax rates were substantively enacted on 22 December 2016. These include reductions to the main rate to reduce the rate from 24% to 23% from January 2018.

Deferred taxes at the balance sheet date have been measured using these substantively enacted tax rates based on when the timing difference is expected to reverse and reflected in these financial statements.

10. Dividends

A dividend of £1,750,000 (2017: £1,250,000) was paid in the current year on the ordinary shares.

CP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

11. Intangible fixed assets and negative goodwill Group

	Other intangibles £'000	Software £'000	Positive goodwill £'000	Negative goodwill £'000
Cost				
At 1 January 2018	-	10,008	18,924	(30,386)
Additions	566	568	3,237	-
Fully amortised write off	-	-	(3,745)	1,746
Reclassifications	-	5	-	-
Exchange adjustments	5	(126)	(71)	163
At 31 December 2018	571	10,455	18,345	(28,477)
Amortisation				
At 1 January 2018	-	8,778	14,593	(18,900)
Charge for the year / (written back to the profit and loss account in the year)	-	394	992	(1,547)
Fully amortised write off	-	-	(3,745)	1,746
Exchange adjustments	-	(101)	(9)	103
At 31 December 2018	-	9,071	11,831	(18,598)
Net book value				
At 31 December 2018	571	1,384	6,514	(9,879)
At 31 December 2017	-	1,230	4,331	(11,486)

Positive goodwill is amortised over a period of 5 to 10 years as this period represents the typical economic life of the assets to which the goodwill attaches.

Negative goodwill up to the fair values of the non-monetary assets is amortised over the periods in which the non-monetary assets are expected to be recovered. Negative goodwill in excess of the fair values of non-monetary assets is amortised over the periods expected to benefit.

CP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

12. Tangible fixed assets Group

	Freehold land and buildings £'000	Investment property £'000	Long leasehold property £'000	Short leasehold property £'000	Plant, fixtures & fittings £'000	Motor vehicles £'000	Total £'000
Cost or valuation							
At 1 January 2018	566,769	27,009	62,056	88	158,109	12,240	826,271
Additions	36,261	10	4,925	-	9,761	1,676	52,633
Fully depreciated written off	(5)	-	(564)	-	(82)	-	(651)
Disposals	(1,579)	(250)	(2,531)	-	(6,168)	(1,300)	(11,828)
Transfer	(4,933)	514	-	-	4,182	237	-
Revaluation	-	72	-	-	-	-	72
Exchange adjustments	(3,321)	(309)	(99)	-	(968)	(41)	(4,738)
At 31 December 2018	593,192	27,046	63,787	88	164,834	12,812	861,759
Depreciation							
At 1 January 2018	215,988	-	26,554	50	117,154	8,534	368,280
Charge for the year	14,679	-	2,945	4	9,282	1,492	28,402
Fully depreciated written off	(5)	-	(564)	-	(82)	-	(651)
On disposals	(991)	-	(2,532)	-	(4,159)	(1,149)	(8,831)
Exchange adjustments	(454)	-	(414)	-	(686)	76	(1,478)
At 31 December 2018	229,217	-	25,989	54	121,509	8,953	385,722
Net book value							
At 31 December 2018	363,975	27,046	37,798	34	43,325	3,859	476,037
At 31 December 2017	350,781	27,009	35,502	38	40,955	3,706	457,991

Included within plant, fixtures & fittings are assets held for use in operating leases with cost of £23,929,000 (2017: £24,523,000) and accumulated depreciation of £6,770,000 (2017: £7,323,000).

The carrying amount of fixed assets which have been pledged as security for liabilities is £236,711,000 (2017: £224,291,000).

The UK investment properties were valued by the directors at 31 December 2018.

The overseas investment properties were valued as at 31 December 2018 by an internal valuer with a recognised and relevant professional qualification and with recent experience in the location and category of the investment property being valued, on the basis of open market value in accordance with the Appraisal and Valuation Manual of The Royal Institution of Chartered Surveyors.

Under the historical cost convention, the net book value of the freehold investment properties would be £12,792,000 (2017: £12,843,000).

CP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

12. Tangible fixed assets (*continued*)

Company

	Freehold land and buildings £'000	Investment property £'000	Long leasehold property £'000	Plant, fixtures & fittings £'000	Motor vehicles £'000	Total £'000
Cost or valuation						
At 1 January 2018	9,343	4,488	10	677	4	14,522
Additions	1	-	-	105	-	106
Disposals	-	-	-	(17)	-	(17)
Revaluation	-	25	-	-	-	25
At 31 December 2018	9,344	4,513	10	765	4	14,636
Depreciation						
At 1 January 2018	3,296	-	10	197	4	3,507
Charge for the year	180	-	-	116	-	296
On disposals	-	-	-	(17)	-	(17)
At 31 December 2018	3,476	-	10	296	4	3,786
Net book value						
At 31 December 2018	5,868	4,513	-	469	-	10,850
At 31 December 2017	6,047	4,488	-	480	-	11,015

The investment properties were valued by the directors at 31 December 2018.

Under the historical cost convention, the net book value of the freehold investment properties would be £192,000 (2017: £204,000).

CP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

13. Fixed asset investments Group

	Joint Ventures		Associated undertakings consolidated under the equity method	Listed investments (at valuation)	Other investments (at cost)	Total
	Consolidated under the equity method £'000	Loans £'000	£'000	£'000	£'000	£'000
Cost or valuation						
At 1 January 2018	(880)	11,202	4,239	3,829	190	18,580
Additions	-	425	52	-	9	486
Transfer on joint venture becoming a subsidiary undertakings	38	(1,226)	-	-	-	(1,188)
Dividends and distributions	(113)	-	-	-	-	(113)
Gain on revaluation of listed investments	-	-	-	37	-	37
Goodwill amortisation	(8)	-	(127)	-	-	(135)
Group's share of loss for the year	(730)	-	(649)	-	-	(1,379)
Exchange adjustments	72	-	(84)	-	-	(12)
At 31 December 2018	(1,621)	10,401	3,431	3,866	199	16,276
Provision against investments						
At 1 January 2018	200	2,061	712	-	25	2,998
Increase in provisions in the year	-	-	953	-	-	953
Release of provisions in the year	-	(752)	-	-	-	(752)
Exchange adjustments	-	-	(11)	-	-	(11)
At 31 December 2018	200	1,309	1,654	-	25	3,188
Net book value						
At 31 December 2018	(1,821)	9,092	1,777	3,866	174	13,088
At 31 December 2017	(1,080)	9,141	3,527	3,829	165	15,582

Other investments comprise investments in unquoted entities carried at cost.

Listed investments include investments listed on non-UK exchanges with an original cost of £212,000 (2017: £212,000) and a market value of £3,866,000 (2017: £3,829,000).

CP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

13. Fixed asset investments (continued)

Company	Subsidiary undertakings		Joint Ventures				Total £'000
	Investments £'000	Loans £'000	Loans £'000	Investments £'000	Listed Investments £'000	Other investments £'000	
Cost or valuation							
At 1 January 2018	147,051	26,161	7,264	1,469	3,829	71	185,845
Additions	22,644	-	425	-	-	-	23,069
Disposals/repayments	-	(5,829)	-	-	-	-	(5,829)
Gain on revaluation of listed investments	-	-	-	-	37	-	37
At 31 December 2018	169,695	20,332	7,689	1,469	3,866	71	203,122
Provision against investments							
At 1 January 2018	7,308	-	524	200	-	12	8,044
At 31 December 2018	7,308	-	524	200	-	12	8,044
Net book value							
At 31 December 2018	162,387	20,332	7,165	1,269	3,866	59	195,078
At 31 December 2017	139,743	26,161	6,740	1,269	3,829	59	177,801

The company has granted a fixed charge over the shares in a joint venture as security for debt borrowings of that joint venture.

Listed investments also include investments listed on non-UK exchanges with an original cost of £212,000 (2017: £212,000) and a market value of £3,886,000 (2017: £3,829,000).

Detail of the related undertakings are shown in note 30.

14. Stocks

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Raw materials and consumables	1,695	1,606	-	-
Work in progress	15,187	10,348	-	-
Finished goods and goods for resale	91,843	73,137	-	-
	108,725	85,091	-	-

The carrying amounts of inventory which have been pledged as security for liabilities is £11,414,000 (2017: £8,399,000).

CP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

15. Debtors

	Group		Company	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
Trade debtors	102,161	97,945	100	96
Amounts owed by group undertakings	-	-	46,170	25,434
Amounts owed by joint ventures	2,015	2,453	-	-
Amounts owed by associated undertakings	37	38	-	-
Amounts recoverable on long term contracts	1,270	3,846	-	-
Other debtors	8,038	11,710	815	623
Corporation tax recoverable	4,647	6,627	878	864
Deferred tax assets	3,419	4,168	125	125
Prepayments and accrued income	9,774	8,512	-	-
	131,361	135,299	48,088	27,142
Amounts falling due after more than one year				
Amounts owed by group undertakings	-	-	15,852	9,777
Deferred tax assets	1,147	674	249	443
Derivative financial assets	56	396	-	-
Other debtors	6,584	4,399	-	-
	139,148	140,768	64,189	37,362

16. Current asset investments

	Group		Company	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Short term investments	8,008	8,910	4,006	-

17. Creditors: Amounts falling due within one year

	Group		Company	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Payments received on account	1,464	2,686	-	-
Bank loans	22,481	18,926	-	-
Bank overdrafts	63,950	63,857	1,005	-
Trade creditors	86,800	78,415	43	40
Amounts owed to group undertakings	-	-	18,153	160
Corporation tax	938	1,372	-	-
Other taxation and social security	13,129	8,564	161	159
Other creditors	24,724	28,880	2,128	1,940
Accruals and deferred income	23,113	18,292	948	1,131
	236,599	220,992	22,438	3,430
Amount of bank loans and overdrafts secured by various fixed charges, floating charges, mortgages and liens over the assets of subsidiary undertakings	86,431	82,783	-	-

CP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

18. Creditors: Amounts falling due after more than one year

	Group		Company	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Bank loans	89,327	86,441	-	-
Shares classed as financial liabilities (see note 22)	7,000	7,000	7,000	7,000
Other creditors	2,130	5,258	-	-
	98,457	98,699	7,000	7,000

Amount of bank loans secured by various fixed charges, floating charges, mortgages and liens over the assets of subsidiary undertakings

	89,327	86,441	-	-
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	Group		Company	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Loan and overdraft maturity analysis				
Within one year (Note 17)	86,431	82,783	1,005	-
Between one and two years	13,302	14,587	-	-
Between two and five years	65,456	30,846	-	-
In more than five years (see below)	10,569	41,008	-	-
	175,758	169,224	1,005	-

The group's bank loans are denominated in a variety of currencies and bear interest at both fixed and floating rates. The interest rates on the group's principal bank loans as at 31 December 2018 are:

	Fixed rates	Floating rates
		1.85% to 2% over LIBOR and 1.5% above the Bank of England base rate
Loans denominated in Sterling	-	
Loans denominated in USD	6% to 9%	-
Loans denominated in Hungarian Forint	-	3 months Bubor + margin between 1.6% and 1.8%
Loans denominated in Euros	2% to 2.43%	3 months Euribor + margin between 1.1% and 3.35%
Loans denominated in Israeli Shekels	2.53% to 5.75%	-

CP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

18. Creditors: Amounts falling due after more than one year (*continued*)

Amounts repayable by instalments wholly or partly in more than five years:

	Group		Company	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Euro loan, repayable in half yearly instalments with the final instalment repayable in 2024. The interest rate applied is 3 months Euribor plus 3.35%. The security for the facility is a charge over the properties of a subsidiary undertaking.	3,431	4,616	-	-
Euro loan, repayable in half yearly instalments with the final instalment repayable in 2023. The interest rate applied is 3 months Euribor plus 2.25%. The security for the facility is a charge over the properties of a subsidiary undertaking.	-	3,829	-	-
Euro loan, repayable in half yearly instalments with the final instalment repayable in 2023. The interest rate applied is 3 months Euribor plus 3.1%. The security for the facility is a charge over the properties of a subsidiary undertaking.	-	1,500	-	-
Euro loan, repayable in half yearly instalments with the final instalment repayable in 2024. The interest rate applied is 3 months Euribor plus 2%. The security for the facility is a charge over the properties of a subsidiary undertaking.	1,093	1,487	-	-
Euro loan, repayable in quarterly instalments with the final instalment repayable in 2028. The interest rate applied is 2%. The security for the facility is a charge over the properties of a subsidiary undertaking.	70	1,411	-	-
Euro loan, repayable in quarterly instalments with the final instalment repayable in 2028. The interest rate applied is 3 months Euribor plus 2.1%. The security for the facility is a charge over the properties of a subsidiary undertaking.	430	-	-	-
US Dollar loan, repayable in 126 equal monthly instalments. The interest rate applied is 9% per annum. The security for the facility is a charge over the long leasehold property of a subsidiary undertaking and a charge over the subsidiary undertaking's other assets, together with parent company and directors' personal guarantees.	22	68	-	-
GBP bank loan secured by a fixed and floating charge over the assets of a subsidiary undertaking. The loan bears interest at a rate of 1.85% over LIBOR (the floating amount fixed through an interest rate swap of 1.60% until 8 May 2017 and then to 0.74% until 23 April 2023). The loan is repayable in quarterly instalments of £75,000 with the final balance due on 26 July 2023.	-	28,097	-	-
Hungarian Forint loan, repayable monthly with one year's grace period with the final instalment repayable in 2024. The interest rate applied is 3 months BUBOR plus 1.8%. The security for the facility is a charge over the properties of a subsidiary undertaking.	1,821	-	-	-
Euro loan, repayable in half yearly instalments with the final instalment repayable in 2026. The interest rate applied is 3 months Euribor plus 2.35%. The security for the facility is a charge over the properties of a subsidiary undertaking.	3,702	-	-	-
	10,569	41,008	-	-

CP HOLDINGS LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2018

19. Provisions for liabilities and charges

	Deferred taxation £'000	Employee benefits £'000	Other provisions £'000	Total £'000
Group				
At 1 January 2018	(11,396)	(1,305)	(2,852)	(15,553)
Provision created in the year	(732)	(475)	(681)	(1,888)
Provisions used in the year	1,326	703	428	2,457
Reclassification to deferred tax assets / current liabilities	324	(246)	(17)	61
Exchange differences	161	(14)	(37)	110
At 31 December 2018	(10,317)	(1,337)	(3,159)	(14,813)

Deferred taxation

The deferred tax included in the balance sheet is made up as follows:

	Deferred tax assets		Deferred tax liabilities		Net balance	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Fixed asset timing differences	532	542	(7,159)	(7,340)	(6,627)	(6,798)
Revaluation of investment properties and investments	-	226	(2,979)	(3,214)	(2,979)	(2,988)
Defined benefit pension scheme and employee benefits	737	1,039	-	-	737	1,039
Other timing differences including unused tax losses	3,297	3,035	(179)	(842)	3,118	2,193
	4,566	4,842	(10,317)	(11,396)	(5,751)	(6,554)

Employee benefit provision

Certain group companies in Europe operate benefit programmes that provide lump sum benefits to employees after three years' employment and upon retirement. The amount of the benefits are determined by the base monthly salary. None of these programmes have separately administered funds.

Other provisions

Other provisions include amounts for expected claims against product warranties and provisions for legal cases against certain subsidiary undertakings.

Company

	Deferred taxation				
	Fixed asset timing differences £'000	Revaluation of tangible assets and investments £'000	Total provision £'000	Defined benefit pension scheme £'000	Total £'000
At 1 January 2018	(199)	(1,121)	(1,320)	568	(752)
Movement in provision	2	(11)	(9)	(194)	(203)
At 31 December 2018	(197)	(1,132)	(1,329)	374	(955)

CP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

20. Financial Instruments

The carrying values of the group and company's financial assets and liabilities are summarised by category below:

	Group 2018 £'000	2017 £'000	Company 2018 £'000	2017 £'000
Financial assets				
Measured at fair value through profit or loss				
Investments in listed equity instruments (see note 13)	3,866	3,829	3,866	3,829
Derivative financial assets (see note 15)	56	396	-	-
Debt instruments measured at amortised cost				
Long term loans receivable (see note 15)	-	-	15,852	9,777
Measured at undiscounted amount receivable				
Trade and other debtors (see note 15)	116,783	114,054	915	719
Amount owed by group and joint venture undertakings (see note 15)	2,052	2,491	46,170	25,434
Current asset investments (see note 16)	8,008	8,910	4,006	-
Equity instruments measured at cost less impairment				
Fixed asset investments in unlisted equity instruments (see note 13)	174	165	59	60
	130,939	129,845	70,868	39,819
Financial liabilities				
Measured at amortised cost				
Bank loans (see notes 17 and 18)	111,808	105,367	-	-
Bank overdraft (see note 17)	63,950	63,857	1,005	-
Redeemable cumulative preference shares (see note 22)	7,000	7,000	7,000	7,000
Measured at undiscounted amount payable				
Trade and other creditors (see notes 17 and 18)	113,654	112,553	2,171	1,980
Amount owed to group undertakings (see note 17)	-	-	18,153	160
	296,412	288,777	28,329	9,140

Derivative financial assets comprise interest rate caps on bank loans in certain UK subsidiaries.

Derivative financial liabilities comprise interest rate swaps on bank loans in certain UK subsidiaries and forward foreign currency contracts in overseas subsidiaries maturing between June and October 2019.

Basis for determining fair value

Forward foreign currency contracts are valued using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of contracts.

Interest rate swaps are valued at the present value of future cash flows estimated and discounted based upon the applicable yield curves derived from quoted interest rates.

Investments in listed equity investments are valued using quoted market prices.

CP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

21. Reserves

Profit and loss account

The profit and loss reserve represents accumulated comprehensive income for the year and prior periods.

Included within the group profit and loss reserve are unrealised profits of £12,308,000 (2017: £12,200,000) relating to revaluations of investment properties.

Included within the company profit and loss reserve are unrealised profits of £3,425,000 (2017: £3,396,000) relating to revaluations of investment properties.

Capital reserves

The capital reserve represents negative goodwill arising on acquisitions before 1 January 1998.

22. Share capital

	Group		Company	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Shares classified as equity				
Allotted, called up and fully paid share capital :				
100,000 Ordinary shares of £1 each	100	100	100	100
Shares classified as liabilities				
7,000,000 redeemable preference shares of £1 each	7,000	7,000	7,000	7,000

There is a single class of ordinary shares and there are no restrictions on the distribution of dividends and the repayment of capital.

The 7,000,000 4.5% cumulative redeemable, non-voting preference shares of £1 each are non-equity shares and have no rights at general meetings. On a winding up, the holders of the preference shares are entitled to a repayment of the capital paid up on those shares together with the amount of any preference dividend accrued and unpaid, in priority to any payment to the holders of the ordinary shares.

The company has the right to redeem the preference shares at par at any time. They must be redeemed in full by 31 December 2022.

23. Capital commitments

Group

	2018	2017
	£'000	£'000
Capital commitments contracted for	20,756	21,244

The capital commitments represent expenditure that is contracted on the refurbishment and development of various of the group's properties.

CP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

24. Total future minimum lease payments

Commitments under operating leases

At 31 December 2018 the group has total future minimum lease payment payable under non-cancellable operating leases as follows:

	2018 £'000	2017 £'000
Falling due:		
No later than 1 year	3,067	3,825
Later than 1 year and not later than 5 years	2,903	9,414
Later than 5 years	6,669	6,289
	<u>12,639</u>	<u>19,528</u>

Commitments under operating leases - lessors

At 31 December 2018 the group has total future minimum lease payments receivable under non-cancellable operating leases as follows:

	2018 £'000	2017 £'000
Falling due:		
No later than 1 year	3,052	2,461
Later than 1 year and not later than 5 years	3,813	5,884
Later than 5 years	7	-
	<u>6,872</u>	<u>8,345</u>

The group holds certain office and warehouse buildings as investment properties, as disclosed in note 12, which are let to third parties. These non-cancellable leases have remaining terms of between 1 and 10 years.

25. Contingent liabilities

	2018 £'000	2017 £'000
Group		
Bank guarantees and operating lease guarantees in favour of joint venture undertakings	<u>5,722</u>	<u>6,904</u>

Company

At the year-end the company had provided guarantees against the bank borrowings of subsidiaries and joint venture undertakings, which total £4,900,000 (2017: £1,215,000).

CP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

26. Employment benefits

The company and group operate a number of pension schemes for its employees.

(a) Defined benefit pension scheme

The group operates a defined benefit scheme for certain employees of the parent company and some of its subsidiary undertakings called the CP Holdings Limited (1986) Retirement Benefits Scheme. The scheme was closed for new entrants in April 2001. At the same time, the group established defined contribution schemes to provide benefits to new employees. In addition, the group operates unfunded unapproved retirement benefit arrangements for certain employees.

The details below relate to the costs and liabilities of the CP Holdings Limited (1986) Retirement Benefits Scheme and the unfunded unapproved retirement benefit arrangements in aggregate, and to the assets of the CP Holdings Limited (1986) Retirement Benefits Scheme; together these arrangements are referred to as the "Scheme".

The scheme is administered by an independent trustee, who is responsible for ensuring that the scheme is sufficiently funded to meet current and future obligations. The company has agreed a funding plan with the trustee, whereby ordinary contributions are made into the scheme based on a percentage of active employees' salary. Additional contributions payable by the company and certain subsidiaries are agreed with the trustee to reduce the funding deficit where necessary.

The disclosures in this note in respect of 31 December 2018 are based on the most recent actuarial valuation of the scheme, using the projected unit credit method, as at 5 April 2016, which have been adjusted to 31 December 2018 by a qualified independent actuary. Adjustments to the valuation at that date have been made based on the following assumptions:

Principal actuarial assumptions used	2018	2017
Discount rate	2.75%	2.45%
Salary increases	2.55%	2.45%
Increases to pensions in payment and in deferment	3.40%	3.30%
Inflation rate	3.55%	3.45%

Post retirement mortality assumptions

2018: 100% of SIPXA, CMI 2018 projections with a long term improvement of 1% pa.

2017: 100% of SIPXA, CMI 2017 projections with a long term improvement of 1% pa.

Change in scheme liabilities	2018 £'000	2017 £'000
At 1 January 2018	(28,547)	(28,343)
Current service cost	(233)	(321)
Past service cost	(158)	-
Member contributions	(26)	(28)
Interest on scheme liabilities	(675)	(718)
Benefits paid	2,032	1,467
Actuarial gains/(losses)	1,004	(604)
At 31 December 2018	<u>(26,603)</u>	<u>(28,547)</u>

CP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

26. Employee benefits (*continued*)

Change in scheme assets	2018 £'000	2017 £'000
At 1 January 2018	26,675	26,955
Interest on scheme assets	643	712
Employer contributions	534	2,525
Member contributions	26	28
Benefits paid	(1,240)	(1,467)
Administration costs	(152)	(228)
Return on plan assets excluding interest income	(1,350)	(1,850)
At 31 December 2018	<u>25,136</u>	<u>26,675</u>
Amounts recognised in the balance sheet	2018 £'000	2017 £'000
Present value of scheme liabilities	(26,603)	(28,547)
Fair value of scheme assets	25,136	26,675
Net liability at 31 December 2018	<u>(1,467)</u>	<u>(1,872)</u>
Amounts recognised in the profit and loss	2018 £'000	2017 £'000
Current service cost (excluding employees' contributions)	(233)	(321)
Past service cost	(158)	-
Administration costs	(152)	(228)
Interest on scheme assets	643	712
Interest on scheme liabilities	(675)	(718)
Total profit and loss account before tax	<u>(575)</u>	<u>(555)</u>
No amounts (2017: £nil) were included in the cost of assets.		
The fair value of plan assets was:	2018 £'000	2017 £'000
Annuities	17,036	18,139
Funds	4,862	-
Equities	2,277	7,469
Gilts	927	1,067
Cash	34	-
Total assets at end of year	<u>25,136</u>	<u>26,675</u>
The return on plan assets was:	2018 £'000	2017 £'000
Interest on scheme assets	643	712
Return on plan assets excluding interest income	(1,350)	(1,850)
Total return on plan assets	<u>(707)</u>	<u>(1,138)</u>

CP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

26. Employee benefits (*continued*)

(b) Defined contribution schemes

Group

The cost of contributions to the defined contribution schemes amounted to £4,942,000 (2017: £4,498,000). There were no outstanding or prepaid contributions at the end of the year (2017: £nil).

27. Events subsequent to the year end

The events subsequent to the year end are set out in the directors' report.

28. Ultimate controlling party

The ultimate controlling parties are the Gibbor and Schreier families.

29. Related party transactions

The company has taken advantage of the exemption contained in FRS 102 Section 33 "Related Party Disclosures" from disclosing transactions with entities which are a wholly owned part of the group.

Amounts owed by joint ventures and associated undertakings are disclosed in notes 13 and 15.

Total remuneration in respect of key management personnel is given in note 7.

CP HOLDINGS LIMITED

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30. Related undertakings

Details of the subsidiary undertakings are as follows:

Name of company	Class of shares	Proportion of voting rights held	Proportion of equity held	Registered office address
Hotel				
CP Regents Park Two Limited	Ordinary	100%	100%	CP House, Otterspool Way, Watford, Hertfordshire, WD25 8JJ
Danubius Hotels Zrt	Ordinary	96%	96%	1051. Budapest, Szent István tér 11, Hungary
Danubius Szallodauzemlato es Szolgaltato Zrt.	Ordinary	96%	96%	1051. Budapest, Szent István tér 11, Hungary
Economic Enterprises (Developments) Limited	Ordinary	100%	100%	CP House, Otterspool Way, Watford, Hertfordshire, WD25 8JJ
Arisende s.r.o.	Ordinary	100%	100%	Masaryk 22/5, 353 01 Mariánské Lázně, Czech Republic
Drencan Limited	Ordinary	96%	96%	CP House, Otterspool Way, Watford, Hertfordshire, WD25 8JJ
Egészségisziget Kft.	Ordinary	96%	96%	1051. Budapest Szent István tér 11. II. 202, Hungary
Gundel Kft.	Ordinary	96%	96%	1146. Budapest, Gundel Károly út 4, Hungary
Dome Kft	Ordinary	96%	96%	1067 Budapest, Teréz krt 43, Hungary
Kemenes Invest Kft.	Ordinary	96%	96%	1051. Budapest Szent István tér 11. III. 303, Hungary
Léčebné lázně Mariánské Lázně a.s.	Ordinary	96%	96%	Csehország, 353 29, Mariánské Lázně, Masarykova 22, Czech Republic
Prirodné Liečebné Kúpele Smrdáky a.s.	Ordinary	85%	85%	Dormant 167 Smrdáky 906 03, Slovakia R-545-500, Sovata, str Trandafirilor 82, România 4 Ramat Yam st, 4685104, Herzlia, Israel 921 29, Piestany, Winterova 29, Slovakia
SC Balneoclimaterica SA	Ordinary	94%	94%	
Sharon Hotel Company Limited	Ordinary	85%	85%	
Slovenské Liečebné Kúpele Piešťany a.s.	Ordinary	85%	85%	

CP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

30. Related undertakings (continued)

Name of company	Class of shares	Proportion of voting rights held	Proportion of equity held	Registered office address
International trade				
Amiran Communications Limited	Ordinary	100%	100%	L.R. No. 1870/VI/254/255/256, Kalamu House, Waiyaki Way, Westlands P.O. Box 47323, 00100, Nairobi, Kenya
Amiran Kenya Limited	Ordinary	100%	100%	L.R. No. 1870/VI/254/255/256, Kalamu House, Waiyaki Way, Westlands P.O. Box 47323, 00100, Nairobi, Kenya
Amiran Limited	Ordinary	100%	100%	Plot 9362, Mumbwa, Lusaka, Zambia
Balton (U) Limited	Ordinary	100%	100%	Plot 47/51, Mulwana Road, Industrial Area, P.O. Box 852, Kampala, Uganda
Balton B.V. DWA (Nigeria) Limited	Ordinary	100%	100%	28 Creek Road, Apapa, Lagos, Nigeria
Balton CP Limited	Ordinary	100%	100%	CP House, Otterspool Way, Watford, Hertfordshire, WD25 8HU
Balton Rwanda Limited	Ordinary	100%	100%	P.O. Box 2972, Kigali, Rwanda
Balton Tanzania Limited	Ordinary "B" Shares	100%	100%	Plot 336, Block A, Olarieni Area – Lower, Ngaramtoni, P.O. Box 14666, Arusha, Tanzania
Balton Tanzania Communications Limited	Ordinary	100%	100%	Ground Floor Office, Selous House, 368 Msasani Road, Oyster Bay, Dar es Salaam, Tanzania
Bamiri Limited	Ordinary	100%	100%	L.R. No. 1870/VI/254/255/256, Kalamu House, Grevillea Grove, Westlands, P.O. Box 47323, 00100, Nairobi, Kenya
Dizengoff Ghana Limited	Ordinary "A" Shares	82%	82%	No 2 Feo Oyeyo Road, Ring Road North, Industrial Area, Accra, Ghana
Dizengoff West Africa (Nigeria) Limited	Ordinary	91%	91%	28 Creek Road, Apapa, Lagos, Nigeria
Ghana Smartcomm Limited	Ordinary	99%	99%	Box 3403, No. 2 Feo Oyeyo St, North Industrial, Area, Accra, Ghana
Premier Telecommunications International Limited	Ordinary	100%	100%	CP House, Otterspool Way, Watford, Hertfordshire, WD25 8JJ
Soloplant Limited	Ordinary	51%	51%	LR No. 7158/602 Kalamu House, Grevillea, Grove, Westlands, P.O. Box 47323, 00100, Nairobi, Kenya
Telkor Communication System Limited	Ordinary	70%	70%	P.O. Box 30195, Lusaka, Zambia

CP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

30. Related undertakings (continued)

Name of company	Class of shares	Proportion of voting rights held	Proportion of equity held	Registered office address
Logistics				
ATI Depo Közraktározási Zrt	Ordinary	75%	75%	1136. Budapest, Pannónia u. 11, Hungary
ATI Sziget Ipari Szolgáltató Központ Kft	Ordinary	75%	75%	2313, Szigetszentmiklós, Áti Sziget Ipari Park, Hungary
Kombiwest Győri Kombiterminál	Ordinary	75%	75%	9027, Győr, Kandó Kálmán u.27, Hungary
Üzemeltető és Fejlesztő Kft				
Z.I. Logisztikai Zrt	Ordinary	75%	75%	1136 Budapest Pannónia u. 11. V. emelet, Hungary
Machinery				
Conmach Limited	Ordinary	100%	100%	CP House, Otterspool Way, Watford, Hertfordshire, WD25 8JJ
Dan Ma Import and Export Limited	Ordinary	100%	87%	8 Hamanor Street, Holon, 58101, Israel
Galhez Ltd	Ordinary	100%	87%	8 Hamanor Street, Holon, 58101, Israel
Huntraco Zrt.	Ordinary	100%	100%	2040 Budaörs, Kamarerdei út 1-3, Hungary
IP Equipment Sales Limited	Ordinary	100%	100%	CP House, Otterspool Way, Watford, Hertfordshire, WD25 8JJ
Irbid Filters Shoni Limited	Ordinary	100%	87%	Al-Hasan Industrial Zone, Irbid, Jordan
Irbid Filters Limited	Ordinary	100%	87%	Al-Hasan Industrial Zone, Irbid, Jordan
MP Motors Kft.	Ordinary	100%	100%	2040 Budaörs, Kamarerdei út 3, Hungary
Oz Hydraulics Limited	Ordinary	100%	87%	8 Hamanor Street, Holon, 58101, Israel
R.Y. Sharir Limited	Ordinary	100%	87%	8 Hamanor Street, Holon, 58101, Israel
Sharir Underwriters Limited	A and B ordinary shares	100%	87%	8 Hamanor Street, Holon, 58101, Israel
Siniaver Enterprises Limited	Ordinary	100%	87%	Moshe Hes 3, Lod, 7120117, Israel
The Israel Tractors and Equipment Company Limited	Ordinary	100%	100%	3 Ramat Yam st, 4685104, Herzlia, Israel
Tractors and Equipment (I.T.E.) Limited	Ordinary	100%	87%	8 Hamanor Street, Holon, 58101, Israel
Vermeer UK Limited	Ordinary	100%	100%	CP House, Otterspool Way, Watford, Hertfordshire, WD25 8JJ

CP HOLDINGS LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2018

30. Related undertakings (continued)

Name of company	Class of shares	Proportion of voting rights held	Proportion of equity held		Registered office address
Machinery (continued)					
Yarkon Consumables Limited	Ordinary	100%	87%	Dormant	8 Hamanor Street, Holon, 58101, Israel
Zoko Enterprises Limited	Ordinary	100%	87%		8 Hamanor Street, Holon, 58101, Israel
Zoko Technologies Ltd	Ordinary	100%	87%		8 Hamanor Street, Holon, 58101, Israel
Zoko Marketing and Distribution Limited	Ordinary	100%	87%		Baalei Hamelacha 4, Ramla, 7255802, Israel
Zoko Power Gas Limited	Ordinary	100%	87%		8 Hamanor Street, Holon, 58101, Israel
Zoko Rail Services (Z.P.) Limited	Ordinary	100%	87%		8 Hamanor Street, Holon, 58101, Israel
Flexible workspace					
LEntA Business Centres Limited	Ordinary	100%	100%	Dormant	CP House, Otterspool Way, Watford, Hertfordshire, WD25 8HR
LEntA Business Space Limited	Ordinary	100%	100%		CP House, Otterspool Way, Watford, Hertfordshire, WD25 8HR
LEntA Properties Limited	Ordinary	100%	100%		CP House, Otterspool Way, Watford, Hertfordshire, WD25 8HR
Tottenham Enterprise Centre Limited	Limited by guarantee	100%	100%	Dormant	CP House, Otterspool Way, Watford, Hertfordshire, WD25 8JJ
Lenta 2 Limited	Ordinary	100%	100%		CP House, Otterspool Way, Watford, Hertfordshire, WD25 8HR
Civil engineering					
BydleniU veze s.r.o.	Ordinary	100%	59%		Praha 1 – Nové Mesto, Václavské náměstí 832/19, PSC 11000, Czech Republic.
Cibitas Holt Town Limited	Ordinary	84%	50%	Dormant	CP House, Otterspool Way, Watford, Hertfordshire, WD25 8JJ
Cibitas Investments Limited	Ordinary	90%	53%	Dormant	CP House, Otterspool Way, Watford, Hertfordshire, WD25 8JJ
Waystone 32 Limited	Ordinary	100%	59%		CP House, Otterspool Way, Watford, Hertfordshire, WD25 8JJ
Waystone Developments Limited	Ordinary	100%	59%	*	CP House, Otterspool Way, Watford, Hertfordshire, WD25 8JJ
Waystone (Holdings) Limited	Ordinary	100%	59%		CP House, Otterspool Way, Watford, Hertfordshire, WD25 8JJ
Waystone Unity LLP	No capital issued	59%	59%		CP House, Otterspool Way, Watford, Hertfordshire, WD25 8JJ
Waystone Limited	Ordinary	100%	59%		CP House, Otterspool Way, Watford, Hertfordshire, WD25 8JJ

CP HOLDINGS LIMITED

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30. Related undertakings (continued)

Name of company Other activities	Class of shares	Proportion of voting rights held	Proportion of equity held	Principal activity	Registered office address
B & S Hydraulics Limited	A ordinary & B ordinary shares	100%	100%	Dormant	CP House, Otterspool Way, Watford, Hertfordshire, WD25 8JJ
Burnwell Coal Company Limited	Ordinary	100%	100%	Dormant	CP House, Otterspool Way, Watford, Hertfordshire, WD25 8JJ
Cambro Contractors Limited	Ordinary & deferred ordinary shares	100%	100%	Dormant	CP House, Otterspool Way, Watford, Hertfordshire, WD25 8JJ
CP Bath Limited	Ordinary	100%	100%	Dormant	CP House, Otterspool Way, Watford, Hertfordshire, WD25 8JJ
CP Holdings (Pensions) Limited	Ordinary	100%	100%	Dormant	CP House, Otterspool Way, Watford, Hertfordshire, WD25 8JJ
CPPH Ingatlanhasznosító Kft	Ordinary	100%	100%	Holding company	1051, Budapest Szent István tér. 11. VII.712., Hungary
Curral Lewis and Martin Limited	Ordinary	100%	100%	Dormant	CP House, Otterspool Way, Watford, Hertfordshire, WD25 8JJ
Dinton Enterprises Limited (formerly IP-Xchange Limited)	Ordinary	100%	100%	Dormant	CP House, Otterspool Way, Watford, Hertfordshire, WD25 8JJ
Dyggor-Gaylord Limited	Ordinary & deferred ordinary shares	100%	100%	Dormant	CP House, Otterspool Way, Watford, Hertfordshire, WD25 8JJ
Hármashatárhegy Udvarház	Ordinary	100%	100%	Property rental	1051, Budapest Szent István tér 11. 7.em. 709., Hungary
Ingatlanhasznosító és Szervező Kft	Ordinary	100%	100%	Holding company	1051. Budapest, Szent István tér 11, Hungary
Interag Zrt	Ordinary	100%	100%	Dormant	CP House, Otterspool Way, Watford, Hertfordshire, WD25 8JJ
IP-Xchange Limited (formerly Dinton Enterprises Limited)	Ordinary	100%	100%	Dormant*	CP House, Otterspool Way, Watford, Hertfordshire, WD25 8JJ
Kingsbury Link Management Limited	A ordinary & B ordinary shares	100%	100%	Dormant	CP House, Otterspool Way, Watford, Hertfordshire, WD25 8JJ
Milerun Limited	Ordinary	100%	100%	Property rental	CP House, Otterspool Way, Watford, Hertfordshire, WD25 8JJ
Murphy Bros. Limited	Ordinary	100%	100%	Dormant	CP House, Otterspool Way, Watford, Hertfordshire, WD25 8JJ
NCC Minerals Limited	Ordinary	100%	100%	Dormant	CP House, Otterspool Way, Watford, Hertfordshire, WD25 8JJ

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30. Related undertakings (continued)

Name of company	Class of shares	Proportion of voting rights held	Proportion of equity held	Principal activity	Registered office address
Other activities (continued)					
Preventiv-Security Zrt.	Ordinary	95%	95%	Security business	1136. Budapest, Pannónia u. 11, Hungary
Shand Mining Limited	Ordinary	100%	100%	Dormant*	CP House, Otterspool Way, Watford, Hertfordshire, WD25 8JJ
Stickman Technology Limited (formerly Managed Enterprise System Hosting Limited)	Ordinary	51%	51%	Dormant	CP House, Otterspool Way, Watford, Hertfordshire, WD25 8JJ
Strázsa-Véd Kft.	Ordinary	100%	100%	Security business	1136. Budapest, Pannónia u. 11, Hungary
Technology Within Limited (formerly Stickman Technology Limited)	Ordinary	76%	76%	IT infrastructure and voice	CP House, Otterspool Way, Watford, Hertfordshire, WD25 8JJ
TJ Harman & Sons Limited	Ordinary	100%	100%	Farming	CP House, Otterspool Way, Watford, Hertfordshire, WD25 8JJ
Vol-Sec Kft.	Ordinary	100%	100%	Security business	1136. Budapest, Pannónia u. 11, Hungary

Details of the joint venture undertakings are as follows:

Name of company	Class of shares	Proportion of voting rights held	Proportion of equity held	Registered office address
Hotel				
Buxton Crescent Hotel and Thermal Spa Company Limited	Ordinary	50%	50%	CP House, Otterspool Way, Watford, Hertfordshire, WD25 8JJ
M.N.S.R. Hotels Limited	Ordinary	50%	50%	Neve Zohar 8691000 - Oasis Hotel, Israel
Old Hall Hotel Limited	Ordinary	50%	50%	CP House, Otterspool Way, Watford, Hertfordshire, WD25 8JJ
R.&W. Estates (Buxton) Limited	Ordinary	50%	50%	CP House, Otterspool Way, Watford, Hertfordshire, WD25 8JJ
Flexible workspace				
Applepeach Limited	Ordinary	50%	50%	CP House, Otterspool Way, Watford, Hertfordshire, WD25 8JJ
Co-Work Space Two LLP	Members' capital	50%	50%	CP House, Otterspool Way, Watford, Hertfordshire, WD25 8HR
Co-Work Space Limited	Ordinary	50%	35%	CP House, Otterspool Way, Watford, Hertfordshire, WD25 8JJ
LEntA IDM LLP	No capital issued	50%	50%	Office B West Gainsborough Studios, 1 Poole Street, London, N1 5EA

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30. Related undertakings (continued)

Name of company	Class of shares	Proportion of voting rights held	Proportion of equity held	Principal activity	Registered office address
Flexible workspace (continued)					
LEntA Properties Limited and Searchgrade Limited joint arrangement	No capital issued	50%	50%		N/A
Machinery					
Lesico-Zoko joint venture	Ordinary	50%	50%		Bétslel 7, Holon, 5882716, Israel
Other					
Prev-Info Kft	Ordinary	50%	50%		1136. Budapest, Pannónia u. 11, Hungary.

Details of the associated undertakings are as follows:

Name of company	Class of shares	Proportion of voting rights held	Proportion of equity held		Registered office address
Machinery					
Global	Ordinary	20%	20%	+	Corazin 1, Givataim, 5358301, Israel
Yakum Power Ltd	Ordinary	49%	49%		8 Hamanor Street, Holon, 58101, Israel
Logistics					
Bajai OKK Kft	Ordinary	33%	33%		6500 Baja, Szentjánosi út 12, Hungary

+ The Global investment represents investments in 16 individual companies.

* Entities excluded from the consolidation due to their immaterial size.