

Company Registration No. 00902613 (England and Wales)

SICO EUROPE LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 NOVEMBER 2018



SICO EUROPE LIMITED

COMPANY INFORMATION

Directors	H K Wilson C E Wilson M J Bundock S J Trimmer M J Robson
Secretary	M J Bundock
Company number	00902613
Registered office	The Link Park Lympne Industrial Estate Lympne Kent CT21 4LR
Auditor	RSM UK Audit LLP Chartered Accountants 25 Farringdon Street London EC4A 4AB United Kingdom
Solicitors	Girlings Stourside Place Station Road Ashford Kent TN23 1YB

SICO EUROPE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 NOVEMBER 2018

The directors present the strategic report for the year ended 30 November 2018.

Principal activities and business review

The principal activity of the Group during the year, continued to be the manufacture, sale and servicing of mobile folding space efficient products.

Results for financial year 2018 have shown an improvement on the previous year. Although sales growth has proven elusive, the ongoing careful control of costs and process improvements have helped us to turnaround the losses reported twelve months ago. Sales growth has in part been hampered by some significant changes within our sales team. Although it is taking time to get the new team established, we are starting to see encouraging results and feel confident that we will see the benefits of the changes during 2019.

A range of KPIs are used in the business, including various forms of sales analysis, monitoring and other measures designed to improve both our efficiency levels and overall effectiveness. Similarly, the management of both our manufacturing and service areas benefit from data capture, leading to the gathering of more timely and relevant information. All data is reviewed at a senior level on a monthly basis.

Principal risks and uncertainties

Our principal risks continue to include a reduction in business activity triggered by an unforeseen world-wide economic event or regional conflict. The continuing uncertainty surrounding the details of Brexit arrangements for export into Europe, political leadership and ongoing terrorist activity do not help us, particularly in our hospitality markets. We look to mitigate these risks by spreading our business across a range of markets and geographic regions.

Financial risk management objectives and policies

The group's operations expose it to a variety of financial risks that include the effects of credit risk, liquidity risk, cash flow risk, currency risk and interest rate risk.

Credit risk

The group has a number of controls designed to minimise the credit risk and bad debts risk, including credit checks on new customers and review of the offered credit terms to existing customers. The credit risk on liquid funds is limited as the counterparties are mainstream banks with a strong credit rating.

Liquidity and cash flow

The group constantly reviews its working capital to ensure there are sufficient funds available to fund operations and short term working capital requirements.

Currency risk

The group generates revenues from selling its products in overseas markets and consequently is exposed to currency fluctuations. The company utilises forward contracts in the foreign exchange market when it considers it is prudent and economical to do so.

SICO EUROPE LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2018

Interest rate risk

The group seeks to finance its operations primarily through retained profits. Trade debtors and creditors do not attract interest rates. The group has interest bearing debts and finance lease arrangements and therefore is exposed to the risk of changes in interest rates. The management's objectives are to retain sufficient liquid funds to enable it to meet its day to day repayment, minimising the company's exposure to fluctuating interest rates, and match the repayment schedules of any external borrowings or overdraft with future cash flows expected to arise from company's trading activities.

On behalf of the board



M J Bundock

Director

28 Feb 2019

SICO EUROPE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 NOVEMBER 2018

The directors present their annual report and financial statements for the year ended 30 November 2018.

Principal activities

The principal activity of the company and group continued to be that of manufacture, sale and servicing of mobile folding space efficient products.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

H K Wilson
C E Wilson
M J Bundock
S J Trimmer
M J Robson

(Appointed 1 December 2018)

H K Wilson and C E Wilson are directors and shareholders of the ultimate parent company and own 91% and 9% of the common stock, respectively, in that company.

Results and dividends

The results for the year are set out on page 7.

No ordinary dividends were paid (2017: £nil). The directors do not recommend payment of a further dividend.

Auditor

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Strategic report

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of the principal risks and uncertainties of the business.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



M J Bundock

Director

Date:

28th FEBRUARY 2019

SICO EUROPE LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 NOVEMBER 2018

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

Company law requires the directors to prepare financial statements for each financial year. Under that law 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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, 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 UK 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 and company will continue in business.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SICO EUROPE LIMITED

Opinion

We have audited the financial statements of SICO Europe Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 November 2018 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 30 November 2018 and of the group's profit 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 the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SICO EUROPE LIMITED (CONTINUED)

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://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.

RSM UK Audit LLP

Mark Nisbett FCA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB
United Kingdom
8 MARCH 2019

SICO EUROPE LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 NOVEMBER 2018

	Notes	2018 £	2017 £
Turnover	3	9,048,576	8,793,683
Cost of sales		(5,996,715)	(5,733,712)
Gross profit		3,051,861	3,059,971
Distribution costs		(114,017)	(134,661)
Administrative expenses		(2,912,258)	(3,233,521)
Other operating income		103,511	-
Operating profit/(loss)	7	129,097	(308,211)
Interest receivable and similar income	8	1,187	1,587
Interest payable and similar expenses	9	(48,192)	(58,272)
Other gains and losses	10	6,940	3,630
Profit/(loss) before taxation		89,032	(361,266)
Tax on profit/(loss)	11	(25,796)	(17,724)
Profit/(loss) for the financial year		63,236	(378,990)
Other comprehensive income net of taxation			
Currency translation differences		1,476	5,598
Total comprehensive income for the year		64,712	(373,392)

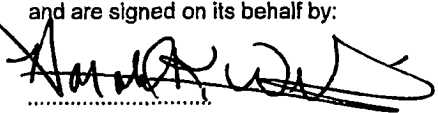
Profit/(loss) for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

SICO EUROPE LIMITED**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 30 NOVEMBER 2018**

	Notes	2018 £	£	2017 £	£
Fixed assets					
Intangible assets	12		489		970
Tangible assets	13		1,807,245		1,795,411
			<u>1,807,734</u>		<u>1,796,381</u>
Current assets					
Stocks	16	975,279		899,954	
Debtors	17	1,268,592		1,204,862	
Cash at bank and in hand		441,512		167,739	
		<u>2,685,383</u>		<u>2,272,555</u>	
Creditors: amounts falling due within one year	18	<u>(2,972,543)</u>		<u>(1,903,640)</u>	
Net current (liabilities)/assets			<u>(287,160)</u>		<u>368,915</u>
Total assets less current liabilities			<u>1,520,574</u>		<u>2,165,296</u>
Creditors: amounts falling due after more than one year	19		(55,752)		(657,237)
Provisions for liabilities	22		(20,000)		(127,949)
Net assets			<u>1,444,822</u>		<u>1,380,110</u>
Capital and reserves					
Called up share capital	25		38,940		38,940
Share premium account	26		149,558		149,558
Profit and loss reserves	26		1,256,324		1,191,612
Total equity			<u>1,444,822</u>		<u>1,380,110</u>

The financial statements were approved by the board of directors and authorised for issue on 28th FEBRUARY 2019 and are signed on its behalf by:

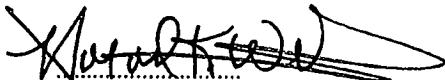

 H K Wilson
 Director

SICO EUROPE LIMITED**COMPANY STATEMENT OF FINANCIAL POSITION****AS AT 30 NOVEMBER 2018**

	Notes	2018 £	£	2017 £	£
Fixed assets					
Tangible assets	13	1,807,245		1,795,411	
Investments	14	76,644		76,644	
		<u>1,883,889</u>		<u>1,872,055</u>	
Current assets					
Stocks	16	950,372		885,694	
Debtors	17	1,221,722		1,097,177	
Cash at bank and in hand		67,131		26,497	
		<u>2,239,225</u>		<u>2,009,368</u>	
Creditors: amounts falling due within one year	18	<u>(2,719,156)</u>		<u>(1,844,320)</u>	
Net current (liabilities)/assets		<u>(479,931)</u>		<u>165,048</u>	
Total assets less current liabilities		<u>1,403,958</u>		<u>2,037,103</u>	
Creditors: amounts falling due after more than one year	19	(55,752)		(657,237)	
Provisions for liabilities	22	(20,000)		(127,949)	
Net assets		<u>1,328,206</u>		<u>1,251,917</u>	
Capital and reserves					
Called up share capital	25	38,940		38,940	
Share premium account	26	149,558		149,558	
Profit and loss reserves	26	1,139,708		1,063,419	
Total equity		<u>1,328,206</u>		<u>1,251,917</u>	

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group accounts. The company's profit for the year was £76,289 (2017 - £433,729 loss).

The financial statements were approved by the board of directors and authorised for issue on 28th FEBRUARY 2019 and are signed on its behalf by:



H K Wilson
Director

SICO EUROPE LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 NOVEMBER 2018

	Share capital £	Share premium account £	Other reserves £	Profit and loss reserves £	Total £
Balance at 1 December 2016	38,940	149,558	92,562	1,472,442	1,753,502
Year ended 30 November 2017:					
Loss for the year	-	-	-	(378,990)	(378,990)
Other comprehensive income net of taxation:					
Currency translation differences	-	-	-	5,598	5,598
Total comprehensive income for the year	-	-	-	(373,392)	(373,392)
Transfers	-	-	(92,562)	92,562	-
Balance at 30 November 2017	38,940	149,558	-	1,191,612	1,380,110
Year ended 30 November 2018:					
Profit for the year	-	-	-	63,236	63,236
Other comprehensive income net of taxation:					
Currency translation differences	-	-	-	1,476	1,476
Total comprehensive income for the year	-	-	-	64,712	64,712
Balance at 30 November 2018	38,940	149,558	-	1,256,324	1,444,822

SICO EUROPE LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 NOVEMBER 2018

	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 December 2016	38,940	149,558	1,497,148	1,685,646
Year ended 30 November 2017:				
Loss and total comprehensive income for the year	-	-	(433,729)	(433,729)
Balance at 30 November 2017	38,940	149,558	1,063,419	1,251,917
Year ended 30 November 2018:				
Profit and total comprehensive income for the year	-	-	76,289	76,289
Balance at 30 November 2018	38,940	149,558	1,139,708	1,328,206

SICO EUROPE LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 NOVEMBER 2018

	Notes	2018 £	2017 £
Cash flows from operating activities			
Cash generated from operations	30	404,344	248,432
Interest paid		(48,192)	(58,272)
Income taxes paid		(16,108)	(12,598)
Net cash inflow from operating activities		<u>340,044</u>	<u>177,562</u>
Investing activities			
Purchase of tangible fixed assets		(26,926)	(23,085)
Proceeds on disposal of tangible fixed assets		(2,025)	-
Interest received		<u>1,187</u>	<u>1,587</u>
Net cash used in investing activities		<u>(27,764)</u>	<u>(21,498)</u>
Financing activities			
Repayment of bank loans		(128,464)	(71,761)
Payment of finance leases obligations		<u>(19,243)</u>	<u>(2,660)</u>
Net cash used in financing activities		<u>(147,707)</u>	<u>(74,421)</u>
Net increase in cash and cash equivalents		<u>164,573</u>	<u>81,643</u>
Cash and cash equivalents at beginning of year		76,780	(10,461)
Effect of foreign exchange rates		<u>1,476</u>	<u>5,598</u>
Cash and cash equivalents at end of year		<u><u>242,829</u></u>	<u><u>76,780</u></u>
Relating to:			
Cash at bank and in hand		441,512	167,739
Bank overdrafts included in creditors payable within one year		<u>(198,683)</u>	<u>(90,959)</u>

SICO EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2018

1 Accounting policies

Company information

SICO Europe Limited ("the company") is a private company limited by shares, and is registered, domiciled and incorporated in England and Wales. The registered office is The Link Park, Lympe Industrial Estate, Lympe, Kent, CT21 4LR.

The group consists of SICO Europe Limited and SICO Sistemas SL.

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

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

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

The financial statements have been prepared under the historical cost convention.

Reduced disclosures

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated within these financial statements of SICO Europe Limited.

The principal accounting policies adopted are set out below.

SICO EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2018

1 Accounting policies (Continued)

Basis of consolidation

The consolidated financial statements incorporate those of SICO Europe Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 30 November 2018. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

Going concern

During the year, the group made a net profit of £64,712 (2017: loss £373,392). At the balance sheet date the group had net current liabilities £287,160 (2017: assets £368,915) and net assets of £1,444,822 (2017: £1,380,110). The directors are satisfied that the funding facilities in place are sufficient, and the parent company has confirmed its support for the group. The directors are certain that the group will be able to meet its liabilities as they fall due for at least twelve months from the date of approval of these financial statements. The financial statements have been prepared on the going concern basis because there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the group to continue as a going concern.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised when the performance of services takes place in accordance with the contract terms of sales.

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

SICO EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2018

1 Accounting policies (Continued)

Depreciation is recognised on a straight line basis so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land & buildings	2.5% per annum on building costs
Plant & machinery	10% and 20% per annum
Fixtures & fittings	10% - 50% per annum
Motor vehicles	20% and 25% per annum

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

In prior periods the group capitalised interest specifically associated with the finance acquired to fund the construction of the new factory and offices.

Fixed asset investments

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

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

Impairment of fixed assets

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

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

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

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

SICO EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2018

1 Accounting policies (Continued)

Stocks

Finished goods

Finished goods are valued at the lower of cost and net realisable value. Cost includes all direct expenditure and production overheads based upon the normal level of activity. Net realisable value is based upon estimated selling price less further costs of completion and disposal.

Raw Materials

Raw materials are valued at the lower of cost and net realisable value. Cost includes all direct expenditure. Net realisable value is based upon estimated selling price less further costs of completion and disposal.

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial instruments

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

Financial instruments are recognised when the group becomes party to the contractual provisions of the instrument.

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

Basic financial assets

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

Other financial assets

Other financial assets, including trade investments, 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.

SICO EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2018

1 Accounting policies (Continued)

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans and loans from fellow group companies that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

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

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the group's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

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

Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

SICO EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2018

1 Accounting policies (Continued)

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

Warranty Provisions

The group provides product warranty to its customers depending on product type, under which faulty products are repaired or replaced. The amount of provision for the warranty contains uncertainties because it requires management to make assumptions and to apply judgement based on past actual and expected future defective rates of products sold. Any increase or decrease in the actual claims will affect profit or loss in future years.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

SICO EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2018

1 Accounting policies (Continued)

Retirement benefits

The group operates a money purchase (defined contribution) group personal pension scheme for the benefit of its employees. Contributions are calculated by reference to the annual remuneration of the members of the plan and charged to the profit and loss account in the year they are payable. The contributions are invested separately from the group's assets.

Leases

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the group, and hire purchase contracts, are capitalised in the balance sheet at their fair value and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

Sistemas SICO SL reports their financial results in Euros. In arriving at the sterling equivalents reported above, the rate of exchange ruling at the year-end has been used to restate the foreign currency values disclosed in their financial statements.

SICO EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2018

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Work in Progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal levels of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Provisions

The group provides product warranty to its customers depending on product type, under which faulty products are repaired or replaced. The amount of provision for the warranty contains uncertainties because it requires management to make assumptions and to apply judgement based on past actual and expected future defective rates of products sold. Any increase or decrease in the actual claims will affect profit or loss in future years.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

3 Turnover and other revenue

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

	2018 £	2017 £
Turnover analysed by class of business		
Manufacture, sale and servicing of mobile folding space efficient products	9,048,576	8,793,683
	<u> </u>	<u> </u>
	2018 £	2017 £
Other revenue		
Interest income	1,187	1,587
	<u> </u>	<u> </u>

SICO EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2018

3 Turnover and other revenue (Continued)

	2018 £	2017 £
Turnover analysed by geographical market		
United Kingdom	5,705,005	5,760,115
Overseas	3,343,571	3,033,568
	<u>9,048,576</u>	<u>8,793,683</u>

4 Employees

The average monthly number of persons (including directors) employed during the year was:

	Group 2018 Number	2017 Number	Company 2018 Number	2017 Number
Management and clerical	35	37	34	36
Manufacturing and installation	29	29	29	29
	<u>64</u>	<u>66</u>	<u>63</u>	<u>65</u>

Their aggregate remuneration comprised:

	Group 2018 £	2017 £	Company 2018 £	2017 £
Wages and salaries	2,299,399	2,412,627	2,213,368	2,333,193
Social security costs	245,061	297,488	231,798	284,471
Pension costs	104,802	211,209	104,802	211,209
	<u>2,649,262</u>	<u>2,921,324</u>	<u>2,549,968</u>	<u>2,828,873</u>

5 Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	283,477	394,387
Company pension contributions to defined contribution schemes	37,624	46,058
Compensation for loss of office	-	178,227
	<u>321,101</u>	<u>618,672</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2017 - 3).

SICO EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2018

5 Directors' remuneration (Continued)

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2018 £	2017 £
Remuneration for qualifying services	167,933	143,355
Company pension contributions to defined contribution schemes	22,935	20,166

6 Auditor's remuneration

	2018 £	2017 £
Fees payable to the company's auditor and its associates:		

For audit services

Audit of the financial statements of the group and company	24,450	24,450
Audit of the financial statements of the company's subsidiaries	4,621	4,435

	<u>29,071</u>	<u>28,885</u>
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For other services

Taxation compliance services	4,650	4,650
All other non-audit services	6,000	4,500
	<u>10,650</u>	<u>9,150</u>

7 Operating profit/(loss)

	2018 £	2017 £
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Operating profit/(loss) for the year is stated after charging/(crediting):

Exchange gains	(118,012)	(205,887)
Depreciation of owned tangible fixed assets	98,599	132,423
Depreciation of tangible fixed assets held under finance leases	(8,841)	-
Loss on disposal of tangible fixed assets	2,027	-
Amortisation of intangible assets	486	481
Cost of stocks recognised as an expense	4,176,353	4,014,286
Operating lease charges	126,540	125,303

8 Interest receivable and similar income

	2018 £	2017 £
Interest income		
Interest on bank deposits	1,187	1,587

SICO EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2018

9 Interest payable and similar expenses

	2018	2017
	£	£
Interest on bank overdrafts and loans	45,232	58,035
Interest on finance leases and hire purchase contracts	2,960	237
Total finance costs	<u>48,192</u>	<u>58,272</u>

10 Other gains and losses

	2018	2017
	£	£
Fair value gains/(losses) on financial instruments		
Change in the value of financial liabilities held at fair value through profit or loss	<u>6,940</u>	<u>3,630</u>

The group uses interest rates swaps to manage its exposure to interest rate movements on its bank borrowings.

11 Taxation

	2018	2017
	£	£
Foreign current tax on profits for the current period	<u>25,796</u>	<u>17,724</u>

The total tax charge for the year included in the income statement can be reconciled to the profit/(loss) before tax multiplied by the standard rate of tax as follows:

	2018	2017
	£	£
Profit/(loss) before taxation	<u>89,032</u>	<u>(361,266)</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.33%)	16,916	(69,833)
Tax effect of expenses that are not deductible in determining taxable profit	519	1,538
Permanent capital allowances in excess of depreciation	9,368	9,588
Effect of overseas tax rates	23,375	3,717
Deferred tax not recognised	(7,568)	72,714
Exempt ABGH distributions	<u>(16,814)</u>	<u>-</u>
Tax expense for the year	<u>25,796</u>	<u>17,724</u>

The un-provided deferred tax asset for the group of £119,346 (2017: £113,215) and liability for the company of £7,568 (2017: asset £72,714) has not been recognised due to the uncertainty of available future taxable profits.

SICO EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2018

12 Intangible fixed assets

Group	Goodwill £	Software £	Total £
Cost			
At 1 December 2017	40,835	1,455	42,290
Exchange adjustments	-	11	11
At 30 November 2018	40,835	1,466	42,301
Amortisation and impairment			
At 1 December 2017	40,835	485	41,320
Amortisation charged for the year	-	486	486
Exchange adjustments	-	6	6
At 30 November 2018	40,835	977	41,812
Carrying amount			
At 30 November 2018	-	489	489
At 30 November 2017	-	970	970

The company had no intangible fixed assets at 30 November 2018 or 30 November 2017.

13 Tangible fixed assets

Group	Freehold land & buildings £	Plant & machinery £	Fixtures & Motor vehicles fittings £	£	Total £
Cost					
At 1 December 2017	2,348,084	1,312,628	336,559	21,274	4,018,545
Additions	-	1,974	63,294	54,008	119,276
Disposals	-	(52,078)	(78,923)	-	(131,001)
At 30 November 2018	2,348,084	1,262,524	320,930	75,282	4,006,820
Depreciation and impairment					
At 1 December 2017	666,093	1,250,737	287,358	18,946	2,223,134
Depreciation charged in the year	49,304	25,099	27,997	5,040	107,440
Eliminated in respect of disposals	-	(52,078)	(78,921)	-	(130,999)
At 30 November 2018	715,397	1,223,758	236,434	23,986	2,199,575
Carrying amount					
At 30 November 2018	1,632,687	38,766	84,496	51,296	1,807,245
At 30 November 2017	1,681,991	61,891	49,201	2,328	1,795,411

SICO EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2018

13 Tangible fixed assets (Continued)

Company	Freehold land & buildings £	Plant & machinery £	Fixtures & Motor vehicles fittings £	£	Total £
Cost					
At 1 December 2017	2,348,084	1,312,628	328,128	21,274	4,010,114
Additions	-	1,974	63,294	54,008	119,276
Disposals	-	(52,078)	(78,923)	-	(131,001)
At 30 November 2018	2,348,084	1,262,524	312,499	75,282	3,998,389
Depreciation and impairment					
At 1 December 2017	666,093	1,250,737	278,927	18,946	2,214,703
Depreciation charged in the year	49,304	25,099	27,997	5,040	107,440
Eliminated in respect of disposals	-	(52,078)	(78,921)	-	(130,999)
At 30 November 2018	715,397	1,223,758	228,003	23,986	2,191,144
Carrying amount					
At 30 November 2018	1,632,687	38,766	84,496	51,296	1,807,245
At 30 November 2017	1,681,991	61,891	49,201	2,328	1,795,411

The carrying value of land and buildings comprises:

	Group 2018 £	2017 £	Company 2018 £	2017 £
Freehold	375,963	375,963	375,963	375,963

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases:

	Group 2018 £	2017 £	Company 2018 £	2017 £
Fixtures & fittings	33,870	-	33,870	-
Motor vehicles	49,639	-	49,639	-
	83,509	-	83,509	-
Depreciation charge for the year in respect of leased assets	8,841	-	8,841	-

Total interest capitalised in previous years in accordance with FRS15 and included within Freehold property amounts to £49,755.

SICO EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2018

14 Fixed asset investments

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Investments in subsidiaries	15	-	-	76,644	76,644
Movements in fixed asset investments					
Company					Shares in group undertakings £
Cost or valuation					
At 1 December 2017 and 30 November 2018					76,644
Carrying amount					
At 30 November 2018					76,644
At 30 November 2017					76,644

15 Subsidiaries

Details of the company's subsidiaries at 30 November 2018 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Merricks SICO Limited	The Link Park, Lympe Industrial Park, Lxmpne, Kent, CT21 4LR	Dormant	Ordinary	99.00	
Sistemas SICO SL	C/Eugenio Salazar 27, Atico 6e, 28002 Madrid, Spain	Sale of equipment	Ordinary	100.00	

16 Stocks

	Group 2018 £	2017 £	Company 2018 £	2017 £
Raw materials and consumables	521,595	525,625	521,595	525,625
Work in progress	137,883	136,000	137,883	136,000
Finished goods and goods for resale	315,801	238,329	290,894	224,069
	<u>975,279</u>	<u>899,954</u>	<u>950,372</u>	<u>885,694</u>

SICO EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2018

17 Debtors

	Group 2018	2017	Company 2018	2017
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	1,053,918	1,001,828	985,561	914,222
Amounts owed by group undertakings	24,034	8,449	60,090	27,159
Other debtors	76,445	75,524	61,876	36,735
Prepayments and accrued income	114,195	119,061	114,195	119,061
	<u>1,268,592</u>	<u>1,204,862</u>	<u>1,221,722</u>	<u>1,097,177</u>

Amounts owed by group undertakings are interest free and repayable on demand.

18 Creditors: amounts falling due within one year

	Notes	Group 2018	2017	Company 2018	2017
		£	£	£	£
Bank loans and overdrafts	20	854,806	218,309	854,806	218,309
Obligations under finance leases	21	17,355	-	17,355	-
Trade creditors		1,069,411	913,533	853,514	881,128
Amounts due to group undertakings		531,582	144,949	524,992	139,246
Corporation tax payable		30,900	21,212	-	-
Other taxation and social security		57,159	117,872	57,159	117,872
Derivative financial instruments		14,040	20,980	14,040	20,980
Other creditors		50,726	12,751	50,726	12,751
Accruals and deferred income		346,564	454,034	346,564	454,034
		<u>2,972,543</u>	<u>1,903,640</u>	<u>2,719,156</u>	<u>1,844,320</u>

Amounts owed to group undertakings are interest free and repayable on demand.

19 Creditors: amounts falling due after more than one year

	Notes	Group 2018	2017	Company 2018	2017
		£	£	£	£
Bank loans and overdrafts	20	-	657,237	-	657,237
Obligations under finance leases	21	55,752	-	55,752	-
		<u>55,752</u>	<u>657,237</u>	<u>55,752</u>	<u>657,237</u>

SICO EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2018

20 Borrowings

	Group 2018 £	2017 £	Company 2018 £	2017 £
Bank loans	656,123	784,587	656,123	784,587
Bank overdrafts	198,683	90,959	198,683	90,959
	<u>854,806</u>	<u>875,546</u>	<u>854,806</u>	<u>875,546</u>
Payable within one year	854,806	218,309	854,806	218,309
Payable after one year	-	657,237	-	657,237
	<u>854,806</u>	<u>657,237</u>	<u>854,806</u>	<u>657,237</u>

Bank loans represent the current instalments payable in respect of long term mortgages to finance the acquisition of the company's factory and office, together with the acquisition of other capital equipment. The facility is secured by a legal charge over the company's freehold property together with a floating charge over all of the company's assets.

The mortgage is due to expire in March 2019.

21 Finance lease obligations

	Group 2018 £	2017 £	Company 2018 £	2017 £
Future minimum lease payments due under finance leases:				
Less than one year	17,355	-	17,355	-
Between one and five years	55,752	-	55,752	-
	<u>73,107</u>	<u>-</u>	<u>73,107</u>	<u>-</u>

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

22 Provisions for liabilities

	Group 2018 £	2017 £	Company 2018 £	2017 £
Provision for Permanent Health Insurance liabilities	-	107,949	-	107,949
Warranty provision	20,000	20,000	20,000	20,000
	<u>20,000</u>	<u>127,949</u>	<u>20,000</u>	<u>127,949</u>

SICO EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2018

22 Provisions for liabilities (Continued)

Movements on provisions:

	Provision for Permanent Health Insurance liabilities	Warranty provision	Total
Group	£	£	£
At 1 December 2017	107,949	20,000	127,949
Other movements	(107,949)	-	(107,949)
At 30 November 2018	-	20,000	20,000

	Provision for Permanent Health Insurance liabilities	Warranty provision	Total
Company	£	£	£
At 1 December 2017	107,949	20,000	127,949
Other movements	(107,949)	-	(107,949)
At 30 November 2018	-	20,000	20,000

A provision of £Nil (2017: £107,949) relates to an uninsured liability arising from on-going obligations that have occurred as part of the group's Permanent Health Insurance (PHI) scheme.

A provision of £20,000 (2017: £20,000) has been recognised as the cost to the group of fulfilling warranty claims over goods sold in the past.

23 Financial instruments

	Group 2018 £	2017 £	Company 2018 £	2017 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	1,117,818	1,085,801	n/a	n/a
Carrying amount of financial liabilities				
Measured at fair value through profit or loss				
- Other financial liabilities	14,040	20,980	14,040	20,980
Measured at amortised cost	2,853,089	2,400,813	n/a	n/a

As permitted by the reduced disclosure framework within FRS 102, the company has taken advantage of the exemption from disclosing the carrying amount of certain classes of financial instruments, denoted by 'n/a' above.

SICO EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2018

24 Retirement benefit schemes

	2018	2017
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	104,802	211,209

The group contributes to a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. Contributions totalling £18,906 (2017: £17,256) were payable to the fund at the balance sheet date and are included in creditors.

25 Share capital

	Group and company	
	2018	2017
	£	£
Ordinary share capital		
Issued and fully paid		
38,940 Ordinary shares of £1 each	38,940	38,940

The Company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the Company.

26 Reserves

Share premium

Consideration received for shares issued above their nominal value net of transaction costs.

Other

The other reserve represents foreign exchange gains and losses on the retranslation of the results and net assets of the Company's foreign subsidiaries.

Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

27 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Within one year	114,587	123,872	114,587	123,872
Between one and five years	262,729	96,478	262,729	96,478
	377,316	220,350	377,316	220,350

SICO EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2018

28 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel of the group, who are also directors, is as follows.

	2018 £	2017 £
Aggregate compensation	438,961	388,529

29 Controlling party

The group's ultimate holding company is SICO Incorporated, a company incorporated in the United States of America. It's registered office address is 7525 Cahill Road, Minneapolis, Minnesota, USA.

SICO Incorporated is in turn controlled by H K Wilson, a director of the company, by reason of his 91% ownership of the parent's common stock. The largest group in which the results of the company and its subsidiaries are consolidated is that headed by SICO Incorporated.

30 Cash generated from group operations

	2018 £	2017 £
Profit/(loss) for the year after tax	63,236	(378,990)
Adjustments for:		
Taxation charged	25,796	17,724
Finance costs	48,192	58,272
Investment income	(1,187)	(1,587)
Loss on disposal of tangible fixed assets	2,027	-
Amortisation and impairment of intangible assets	486	481
Depreciation and impairment of tangible fixed assets	107,440	132,423
Foreign exchange gains and losses	(5)	(51)
Other gains and losses	(6,940)	(3,630)
(Decrease)/increase in provisions	(107,949)	62,131
Movements in working capital:		
(Increase)/decrease in stocks	(75,325)	99,350
(Increase) in debtors	(63,730)	(125,906)
Increase in creditors	412,303	388,215
Cash generated from operations	404,344	248,432