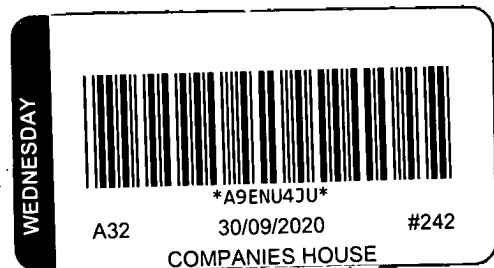


Company Registration No. 05726866 (England and Wales)

**CCPI EUROPE LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**



# CCPI EUROPE LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	P J Cowley J Golding T Moran R M Canny
<b>Company number</b>	05726866
<b>Registered office</b>	Unit D Vector 31 Business Park Waleswood Way Sheffield South Yorkshire S26 5NU
<b>Auditor</b>	Deloitte LLP Statutory Auditor Reading United Kingdom
<b>Business address</b>	Unit D Vector 31 Business Park Waleswood Way Sheffield South Yorkshire S26 5NU
<b>Bankers</b>	National Westminster Bank Plc 92 English Street Carlisle CA3 8NF

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# **CCPI EUROPE LIMITED**

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# CCPI EUROPE LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2019

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The directors present the strategic report and financial statements for the year ended 31 December 2019.

#### Fair review of the business

The principal activity of the company continues to be that of the manufacture and sale of thermocouples and ceramic products.

The results for the year and the financial position at the year end were considered in line with forecasts and consistent with the prior year. The gross profit margin for the year was 44.38% (2018: 43.49%) and sales increased to £7,321,115 (2018: £6,749,377).

At the balance sheet date, the company had sufficient cash at bank and in hand and other current assets to meet its short term liabilities. Net assets at the year end was £8,607,027 (2018: £7,331,534). The company does not anticipate any financial issues in the forthcoming year. Going forward, the directors feel the company continues to be well placed both commercially and financially to maintain its core business and to seize commercial opportunities as they arise.

#### Principal risks and uncertainties

The principal risks facing our business are strategic, commercial, operational and financial. The principal strategic and commercial risk is competitor activity and pressure. Operational risks and uncertainties include health and safety, employee relations, mitigation of, and recovery from, major disasters, product quality and customer service. We comply with recognised quality, health and safety and environmental standards and regulations. The Company has also considered the potential impact of a hard Brexit and has an appropriate contingency plan in place to monitor any effects on financial and trading positions, to mitigate the challenges and capitalise on the opportunities that may arise.

The principal financial risks are the risk of customers defaulting on their debts and the risk that the Company's creditors do not advance credit. Our business is across a number of customers and we actively manage credit risk through regular monitoring of our customers and their debts. We regularly monitor our creditor balance and terms and hold sufficient cash sums to enable payment to be made to creditors as amounts fall due.

Covid-19 is also a continuing risk for the Company. Further details on this can be found in the directors report on page 2.

#### Development and performance

The strategic objective of the company remains to be a leading company manufacturing and selling thermocouples and related ceramic products in the UK. To fulfil its strategic objectives the directors continue to look for further opportunities that may arise in their specific industry. The company is also acutely aware of the impact of Covid-19, further information on this can be found in the directors report on page 2. The directors will continue to strive to deliver a quality service to all clients.

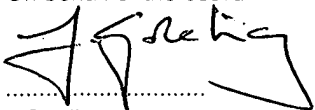
#### Key performance indicators

The key performance indicators for the company are turnover and gross profit margin, along with the following:

Return on capital:	14.82% (2018: 17.19%)
Liquidity:	4.42 (2018: 4.37)
Sales credit days:	74 (2018: 81)

The above key performance indicators are considered satisfactory by the directors.

On behalf of the board



J Golding

Director

28th September 2020

# **CCPI EUROPE LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2019**

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The directors present their annual report together with the financial statements for the year ended 31 December 2019.

#### **Principal activities**

The principal activity of the company continues to be that of the manufacture and sale of thermocouples and ceramic products.

Future developments are included in the Strategic report on page 1 and form part of this report by cross-reference.

#### **Directors**

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

P J Cowley  
J Golding  
T Moran  
R M Canny

#### **Results and dividends**

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

No ordinary dividends were paid (2018: None). The directors do not recommend payment of a final dividend.

#### **Going concern**

The outbreak of the Covid-19 pandemic in early 2020 and the economic consequence of measures taken by the UK Government are affecting the Company's business operations. The negative financial consequence of the temporary decline in revenue, will be mitigated by the support provided by the UK Government to UK business and the actions taken by the Directors to manage costs and contracts appropriately to maintain cash reserves.

The Company has considerable financial resources with cash at bank and in hand of £6,284,215 (2018: £4,630,863) and net current assets of £7,038,304 (2018: £5,711,187).

The Directors have assessed the Company's status as a going concern, using all available information, and have considered a period of at least 12 months from the date of signing based on the Company's latest trading and cash flow projections. In performing this assessment, the directors have taken account of the current activity levels, external economic data and predictions, and the Company's current cash position. Following this assessment, the directors have concluded that there are sufficient financial resources available to enable the Company to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements and, accordingly, have prepared the financial statements on a going concern basis.

Whilst the Covid-19 pandemic has had an impact, the Company has remained profitable. The company has continued to supply to customers and has continued to win new business. There have been no issues with the Company's supply chain. The Directors believe the Company will continue to see slight improvements on the business operations.

The Company has a diverse range of customers in multiple industries. Whilst some revenue streams have declined, the others are holding steady.

# CCPI EUROPE LIMITED

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

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#### Non adjusting events after the financial period

Subsequent to year end, the Covid-19 pandemic significantly impacted the UK economy beginning in March 2020. It is a non-adjusting post balance sheet event and no adjustments have been made to these financial statements in relation to this. The directors have considered the impacts of Covid-19 on the financial position of the company and believe the impact to date has been limited. They also acknowledge that the full impact of Covid-19 is difficult to ascertain at this stage. The company is expected to continue as a going concern for 12 months following the signing of these financial statements as disclosed in the directors' report.

#### Auditor

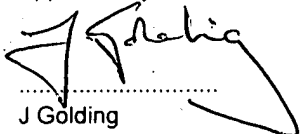
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

A resolution to reappoint Deloitte will be proposed at the forthcoming Annual General Meeting.

Approved by the board and signed on its behalf by:



J Golding

Director

28th September 2020

Unit D Vector 31 Business Park

Waleswood Way

Sheffield

South Yorkshire

S26 5NU

# **CCPI EUROPE LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019**

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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 FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **CCPI EUROPE LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CCPI EUROPE LIMITED**

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### **Independent auditor's report to the members of CCPI Europe Limited**

#### **Report on the audit of the financial statements**

##### **Opinion**

In our opinion the financial statements of CCPI Europe Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the cash flow statement;
- the statement of accounting policies; and
- the related notes 1 to 20.

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).

##### **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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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 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.

We have nothing to report in respect of these matters.



# **CCPI EUROPE LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF CCPI EUROPE LIMITED**

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### **Other information**

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

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

We have nothing to report in respect of these matters.

### **Responsibilities of directors**

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

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

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Report on other legal and regulatory requirements**

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

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

## **CCPI EUROPE LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF CCPI EUROPE LIMITED**

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#### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

#### **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.



**Dawn Harris, FCA (Senior Statutory Auditor)**

**For and on behalf of Deloitte LLP**

Statutory Auditor

Reading

United Kingdom

28 September 2020

# CCPI EUROPE LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
Turnover	3	7,321,115	6,749,377
Cost of sales		(4,072,062)	(3,813,498)
<b>Gross profit</b>		<b>3,249,053</b>	<b>2,935,879</b>
Distribution costs		(463,156)	(556,893)
Administrative expenses		(1,191,566)	(1,098,740)
<b>Profit before taxation</b>		<b>1,594,331</b>	<b>1,280,246</b>
Tax on profit	7	(318,838)	(20,112)
<b>Profit for the financial year</b>		<b>1,275,493</b>	<b>1,260,134</b>

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

The notes on pages 13-24 form an integral part of these financial statements.

# CCPI EUROPE LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

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	2019 £	2018 £
Profit for the year	1,275,493	1,260,134
Other comprehensive income	-	-
Total comprehensive income for the year	<u>1,275,493</u>	<u>1,260,134</u>

# CCPI EUROPE LIMITED

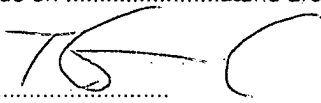
## BALANCE SHEET

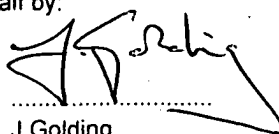
AS AT 31 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
<b>Fixed assets</b>					
Tangible assets	8	1,568,321		1,619,845	
Investments	9	402		502	
		<u>1,568,723</u>		<u>1,620,347</u>	
<b>Current assets</b>					
Stocks	12	1,332,321		1,216,772	
Debtors	13	1,477,926		1,557,133	
Cash at bank and in hand		6,284,215		4,630,863	
		<u>9,094,462</u>		<u>7,404,768</u>	
<b>Creditors: amounts falling due within one year</b>	14	<u>(2,056,158)</u>		<u>(1,693,581)</u>	
<b>Net current assets</b>		<u>7,038,304</u>		<u>5,711,187</u>	
<b>Total assets less current liabilities</b>		<u><u>8,607,027</u></u>		<u><u>7,331,534</u></u>	
<b>Capital and reserves</b>					
Called up share capital	16	500,000		500,000	
Profit and loss reserves		8,107,027		6,831,534	
<b>Total equity</b>		<u><u>8,607,027</u></u>		<u><u>7,331,534</u></u>	

The notes on pages 13-24 form an integral part of these financial statements.

The financial statements of CCPI Europe Limited were approved by the board of directors and authorised for issue on 28-09-2020 and are signed on its behalf by:

  
P J Cowley  
Director

  
J Golding  
Director

Company Registration No. 05726866

# CCPI EUROPE LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital £	Profit and loss reserves £	Total £
<b>Balance at 1 January 2018</b>	500,000	5,571,400	6,071,400
<b>Year ended 31 December 2018:</b>			
Profit and total comprehensive income for the year	-	1,260,134	1,260,134
<b>Balance at 31 December 2018</b>	500,000	6,831,534	7,331,534
<b>Year ended 31 December 2019:</b>			
Profit and total comprehensive income for the year	-	1,275,493	1,275,493
<b>Balance at 31 December 2019</b>	500,000	8,107,027	8,607,027

The notes on pages 13-24 form an integral part of these financial statements.

# CCPI EUROPE LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	20	1,870,689		1,255,227	
Income taxes paid		(187,132)		(78,477)	
<b>Net cash inflow from operating activities</b>		<u>1,683,557</u>		<u>1,176,750</u>	
<b>Cash flows from investing activities</b>					
Purchase of tangible fixed assets		(30,305)		(46,707)	
Proceeds on disposal of subsidiaries		100		-	
<b>Net cash used in investing activities</b>		<u>(30,205)</u>		<u>(46,707)</u>	
<b>Net cash used in financing activities</b>			-		-
<b>Net increase in cash and cash equivalents</b>		<u>1,653,352</u>		<u>1,130,043</u>	
Cash and cash equivalents at beginning of year		4,630,863		3,500,820	
<b>Cash and cash equivalents at end of year</b>		<u><u>6,284,215</u></u>		<u><u>4,630,863</u></u>	

# CCPI EUROPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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### 1 Accounting policies

#### Company information

CCPI Europe Limited is a private company limited by shares incorporated in England and Wales. The registered office is Unit D Vector 31 Business Park, Waleswood Way, Sheffield, South Yorkshire, S26 5NU.

#### 1.1 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.

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 as modified to include the revaluation of certain financial assets. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

CCPI Europe Limited is a wholly owned subsidiary of The Marmon Group Limited and the results of CCPI Europe Limited are included in the consolidated financial statements of The Marmon Group Limited, which are available from its registered office.

#### 1.2 Going concern

The outbreak of the Covid-19 pandemic in early 2020 and the economic consequence of measures taken by the UK Government are affecting the Company's business operations. The negative financial consequence of the temporary decline in revenue, will be mitigated by the support provided by the UK Government to UK business and the actions taken by the Directors to manage costs and contracts appropriately to maintain cash reserves.

The Company has considerable financial resources with cash at bank and in hand of £6,284,215 (2018: £4,630,863) and net current assets of £7,038,304 (2018: £5,711,186).

The Directors have assessed the Company's status as a going concern, using all available information, and have considered a period of at least 12 months from the date of signing based on the Company's latest trading and cash flow projections. In performing this assessment, the directors have taken account of the current activity levels, external economic data and predictions, and the Company's current cash position. Following this assessment, the directors have concluded that there are sufficient financial resources available to enable the Company to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements and, accordingly, have prepared the financial statements on a going concern basis.

Whilst the Covid-19 pandemic has had an impact, the Company has remained profitable. The company has continued to supply to customers and has continued to win new business. There have been no issues with the Company's supply chain. The Directors believe the Company will continue to see slight improvements on the business operations.

The Company has a diverse range of customers in multiple industries. Whilst some revenue streams have declined, the others are holding steady.



# CCPI EUROPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

### 1 Accounting policies

(Continued)

#### 1.3 Turnover

Turnover represents amounts receivable for goods net of VAT and trade discounts and is recognised when the risk and rewards of ownership have been transferred to the customer, which is usually when goods are delivered to the customer.

Turnover 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 turnover 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.

Turnover from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, turnover is recognised only to the extent of the expenses recognised that it is probable will be recovered.

#### 1.4 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.

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

Leasehold land and buildings	Straight line over the life of the lease
Plant and machinery	10% - 20% straight line
Laboratory	10% - 20% straight line

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.

#### 1.5 Fixed asset investments

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

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

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

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

#### 1.6 Impairment of fixed assets

At each reporting period end date, the company 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).

# CCPI EUROPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

### 1 Accounting policies

(Continued)

#### 1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

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.

#### 1.8 Cash at bank and in hand

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

#### 1.9 Financial instruments

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

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

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

##### **Basic financial assets**

Basic financial assets, which include 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 transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Other financial assets**

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

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

# CCPI EUROPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

### 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 company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### ***Classification of financial liabilities***

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

#### ***Basic financial liabilities***

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

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

#### ***Other financial liabilities***

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

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

# CCPI EUROPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

### 1 Accounting policies

(Continued)

#### ***Derecognition of financial liabilities***

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

#### **1.10 Equity instruments**

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

#### **1.11 Taxation**

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

##### ***Current tax***

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

##### ***Deferred tax***

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### **1.12 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.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **1.13 Retirement benefits**

The pension costs charged in the financial statements represent the contribution payable by the company during the year to a defined contribution pension scheme.

#### **1.14 Foreign exchange**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

# CCPI EUROPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies which are described in Note 1, 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.

There are no judgements or key sources of estimation uncertainty.

### 3 Turnover and other revenue

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

	2019 £	2018 £
<b>Turnover analysed by class of business</b>		
Sales of goods and related services	7,321,115	6,749,377
	<u>7,321,115</u>	<u>6,749,377</u>
	2019 £	2018 £
<b>Turnover analysed by geographical market</b>		
United Kingdom	5,188,681	5,127,314
Europe	1,974,681	1,516,716
USA	32,221	24,683
Rest of the World	125,532	80,664
	<u>7,321,115</u>	<u>6,749,377</u>

All turnover within the financial statements is generated from the sale of thermocouples, ceramic products and the provision of related services.

### 4 Profit before tax

	2019 £	2018 £
Profit for the year is stated after charging:		
Exchange losses	38,327	3,166
Fees payable to the company's auditor for the audit of the company's financial statements	27,600	26,542
Depreciation of owned tangible fixed assets	81,829	83,351
Cost of stocks recognised as an expense	3,073,561	2,876,697
	<u>3,180,317</u>	<u>2,989,756</u>

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £38,327 (2018: £3,166).

# CCPI EUROPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

### 5 Employees

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

	2019 Number	2018 Number
Manufacturing	24	25
Internal sales	8	8
External sales	3	4
Service	5	6
Laboratory	5	5
Administration	12	9
	<u>57</u>	<u>57</u>

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	1,669,294	1,651,264
Social security costs	170,403	176,235
Pension costs	59,202	39,233
	<u>1,898,899</u>	<u>1,866,732</u>

### 6 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	317,177	371,631
Company pension contributions to defined contribution schemes	22,370	18,288
	<u>339,547</u>	<u>389,919</u>

The number of directors who are members of the defined contribution schemes amounted to 3 (2018: 4).

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

	2019 £	2018 £
Remuneration for qualifying services	<u>145,820</u>	<u>130,030</u>

# CCPI EUROPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

### 7 Taxation

	2019 £	2018 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	318,838	253,627
Adjustments in respect of prior periods	-	(233,515)
<b>Total current tax</b>	<b>318,838</b>	<b>20,112</b>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2019 £	2018 £
Profit before taxation	1,594,331	1,280,246
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	302,923	243,247
Tax effect of expenses that are not deductible in determining taxable profit	10,157	1,166
Depreciation on assets not qualifying for tax allowances	5,758	7,600
Prior period tax adjustments	-	(233,515)
Deferred tax unprovided	-	1,614
<b>Taxation charge for the year</b>	<b>318,838</b>	<b>20,112</b>

### 8 Tangible fixed assets

	Leasehold land and buildings £	Plant and machinery £	Laboratory £	Total £
<b>Cost</b>				
At 1 January 2019	2,324,416	342,516	184,358	2,851,290
Additions	-	13,723	16,582	30,305
<b>At 31 December 2019</b>	<b>2,324,416</b>	<b>356,239</b>	<b>200,940</b>	<b>2,881,595</b>
<b>Depreciation and impairment</b>				
At 1 January 2019	863,925	228,794	138,726	1,231,445
Depreciation charged in the year	40,000	7,925	33,904	81,829
<b>At 31 December 2019</b>	<b>903,925</b>	<b>236,719</b>	<b>172,630</b>	<b>1,313,274</b>
<b>Carrying amount</b>				
At 31 December 2019	1,420,491	119,520	28,310	1,568,321
At 31 December 2018	1,460,491	113,722	45,632	1,619,845

# CCPI EUROPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

### 9 Fixed asset investments

	Notes	2019 £	2018 £
Investments in subsidiaries	10	402	502

#### Movements in fixed asset investments

	Shares in group undertakings £
<b>Cost or valuation</b>	
At 1 January 2019	502
Disposals	(100)
At 31 December 2019	402
<b>Carrying amount</b>	
At 31 December 2019	402
At 31 December 2018	502

The disposal relates to 100% of the share capital in The Control Shop Ltd.

### 10 Subsidiaries

Details of the company's subsidiaries at 31 December 2019 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct Indirect
Pyrometrics Limited	UK	Non trading	Ordinary	- 100.00

The above subsidiary registered office address is Unit D Vector 31 Business Park, Waleswood Way, Sheffield, South Yorkshire, S26 5NU.

### 11 Financial instruments

	2019 £	2018 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	1,420,753	1,498,276
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	1,501,217	1,312,156

The financial instruments comprise of debtors, trade creditors and loans.



# CCPI EUROPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

### 12 Stocks

	2019 £	2018 £
Finished goods and goods for resale	1,332,321	1,216,772

### 13 Debtors

	2019 £	2018 £
<b>Amounts falling due within one year:</b>		
Trade debtors	1,418,606	1,495,152
Other debtors	2,147	3,124
Prepayments and accrued income	57,173	58,857
	1,477,926	1,557,133

### 14 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	727,064	537,903
Amounts owed to group undertakings	774,153	774,253
Corporation tax	162,465	30,759
Other taxation and social security	194,928	187,353
Accruals and deferred income	197,548	163,313
	2,056,158	1,693,581

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

### 15 Retirement benefit schemes

	2019 £	2018 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	59,202	39,233

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

### 16 Share capital

	2019 £	2018 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
500,000 Ordinary shares of £1 each	500,000	500,000

# CCPI EUROPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

### 16 Share capital

(Continued)

The holders of Ordinary shares have the right to vote at the general meeting of the company.

### 17 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2019 £	2018 £
Aggregate compensation	317,177	371,631

#### Transactions with related parties

During the year the company entered into the following transactions with related parties:

The company has taken advantage of the exemption available in FRS102 Section 33.1A "Related party disclosures" whereby it has not disclosed transactions with any wholly owned subsidiary undertaking.

### 18 Ultimate controlling party

The share capital of the company was fully acquired by the Marmon Group Limited on 30th June 2015. The immediate parent company of CCPI Europe Limited and the parent company of the immediate group for which consolidated financial statements are prepared which include this company is Marmon Group Limited, which is incorporated in the United Kingdom. The financial statements of Marmon Group Limited can be obtained from the registered office 1 Regent Park, 37 Booth Drive, Park Farm Industrial Estate, Wellingborough, Northants, England, NN8 6GR.

The ultimate parent company is Berkshire Hathaway Inc., a U.S. company publicly traded on the New York Stock Exchange.

### 19 Non adjusting events after the financial period

Subsequent to year end, the Covid-19 pandemic significantly impacted the UK economy beginning in March 2020. It is a non-adjusting post balance sheet event and no adjustments have been made to these financial statements in relation to this. The directors have considered the impacts of Covid-19 on the financial position of the company and believe the impact to date has been limited. They also acknowledge that the full impact of Covid-19 is difficult to ascertain at this stage. The company is expected to continue as a going concern for 12 months following the signing of these financial statements as disclosed in the directors' report.

# CCPI EUROPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

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### 20 Cash generated from operations

	2019 £	2018 £
Profit for the year after tax	1,275,493	1,260,134
<b>Adjustments for:</b>		
Taxation charged	318,838	20,112
Depreciation of tangible fixed assets	81,829	83,351
<b>Movements in working capital:</b>		
(Increase)/decrease in stocks	(115,549)	28,852
Decrease/(increase) in debtors	79,207	(161,629)
Increase in creditors	230,871	24,407
<b>Cash generated from operations</b>	<u>1,870,689</u>	<u>1,255,227</u>