
CCPI EUROPE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

CCPI EUROPE LIMITED

COMPANY INFORMATION

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

CCPI EUROPE LIMITED

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**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

Introduction

The directors present their annual report together with the financial statements for the year ended 31 December 2021.

Business review

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 were considered satisfactory by the directors with turnover increasing to £7,102,783 (2020: £6,030,051) and the gross profit margin was 47.62% (2020: 45.23%).

At the balance sheet date the company had sufficient cash at bank and in hand to meet its short term liabilities. Net assets at the year end were £10,812,727 (2020: £9,667,443). 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 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 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 balance and terms and hold sufficient cash sums to enable payment to be made to creditors as amounts fall due.

Future developments are also included in the directors report on pages 3-4.

Financial key performance indicators

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

Return on capital: 10.59% (2020: 10.95%)

Liquidity: 4.87 (2020: 4.41)

Sales credit days: 65 (2020: 75)

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

This report was approved by the board on 29 September 2022 and signed on its behalf.

J Golding

Director

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

The directors present their report and the financial statements for the year ended 31 December 2021.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity

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

Principal risks and uncertainties are included in the Strategic report on pages 1-2 and form part of this report by cross-reference.

Results and dividends

The profit for the year, after taxation, amounted to £1,145,284 (2020 - £1,060,416).

The results are set out on page 9.

No ordinary dividends were paid (2020: None). The directors do not recommend payment of a final dividend.

Directors

The directors who served during the year were:

P J Cowley
J Golding
T Moran
R M Canny

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Future developments

CCPI Europe has continued the goal of becoming a Lean Organisation by the end of 2023. This is supported by the CEO of Marmon Group and will require transformational leadership and systematic thinking from CCPI directors. Lean manufacturing is a series of methods designed to minimise the waste of material and labour while maintaining or increasing production. This results in net improvement in total productivity.

The benefits that will be seen at CCPI Europe will include improved efficiency, reduced waste, and increased productivity. The benefits will flow down further with increased product quality, improved lead times, sustainability, employee satisfaction and increased profits.

As part of our continued growth plans at CCPI Europe, investment in innovation and automation is ongoing to support our customer needs and sustainability. There continues to be market share growth opportunities in Europe, and the recent launch of our digital solutions are providing value-add temperature measurement solutions.

Disclosure of information to auditors

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

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

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

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Going Concern Statement

The COVID-19 pandemic has continued to have some impact on all markets and regions in Europe. Throughout the financial year actions were taken by the Directors to manage costs and contracts appropriately to maintain cash reserves. Despite these challenging economic conditions, the Directors report the results of the company have improved compared to prior year.

The Company has a diverse range of customers in multiple industries, and thanks to an ever-resilient workforce we are now seeing a recovery. The first half of 2022 is showing trading activity at a similar level to what we achieved prior to the global pandemic.

Whilst the COVID-19 pandemic has had an impact, the Company has remained profitable and continues to do so. The Company continues to win new business with new customers, both in the UK and in Europe. While the company has not experienced any major disruption with the company's supply chain, the company has significant raw materials in case of any future disruption. Consequently, the Directors believe the company is well placed to manage its business risks successfully. The Company continues to see a high level of new enquiries and continues to maintain a strong order book. The Directors believe the improvements on the business operations that have been seen for the first half of 2022 will continue.

The Company has considerable financial resources with cash at bank and in hand of £8,453,727 (2020: £7,161,638) and current net assets of £9,266,915 (2020: £8,105,704).

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 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.

Auditors

The auditors, Deloitte LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 29 September 2022 and signed on its behalf.

J Golding
Director

INDEPENDENT AUDITORS' 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 2021 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 statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the statement of cash flows; and
- the related notes 1 to 22.

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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CCPI EUROPE LIMITED

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 contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CCPI EUROPE LIMITED

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address it are described below:

- There is a risk of material misstatement due to fraud related to the cut-off of revenue recognition around year-end due to the incentive to manipulate delivery dates in order to overstate results. In response to this risk we obtained proof of delivery and sales invoices for a sample of dispatches either side of year-end and checked that revenue was recognised in the appropriate period. We further assessed the design and implementation of key revenue controls around the cut-off assertion.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and both in-house and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CCPI EUROPE LIMITED

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

29 September 2022

CCPI EUROPE LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £	2020 £
Turnover	4	7,102,783	6,030,051
Cost of sales		(3,720,193)	(3,255,619)
Gross profit		3,382,590	2,774,432
Distribution costs		(572,849)	(415,106)
Administrative expenses		(1,425,039)	(1,197,951)
Other operating income	5	11,836	157,378
Profit before Tax	6	1,396,538	1,318,753
Tax on profit	10	(251,254)	(258,337)
Profit for the financial year		1,145,284	1,060,416

All profits derived from continuing operations. There are no items of other comprehensive income for either the year or the prior year other than the profit for the year. Accordingly no statement of other comprehensive income has been presented.

The notes on pages 14 to 27 form part of these financial statements.

CCPI EUROPE LIMITED
REGISTERED NUMBER: 05726866

BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	11	1,556,360	1,572,287
Investments	12	402	402
		<u>1,556,762</u>	<u>1,572,689</u>
Current assets			
Stocks	13	1,487,987	1,553,986
Debtors: amounts falling due within one year	14	1,334,198	1,313,281
Cash at bank and in hand	15	8,453,727	7,161,638
		<u>11,275,912</u>	<u>10,028,905</u>
Creditors: amounts falling due within one year	16	(2,008,997)	(1,923,201)
		<u>9,266,915</u>	<u>8,105,704</u>
Net current assets			
		<u>10,823,677</u>	<u>9,678,393</u>
Total assets less current liabilities			
Provisions for liabilities			
Deferred tax	18	(10,950)	(10,950)
		<u>(10,950)</u>	<u>(10,950)</u>
Net assets		<u><u>10,812,727</u></u>	<u><u>9,667,443</u></u>
Capital and reserves			
Called up share capital	19	500,000	500,000
Profit and loss account		10,312,727	9,167,443
		<u><u>10,812,727</u></u>	<u><u>9,667,443</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 September 2022.

J Golding
Director

The notes on pages 14 to 27 form part of these financial statements.

CCPI EUROPE LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2020	500,000	8,107,027	8,607,027
Comprehensive income for the year			
Profit for the year	-	1,060,416	1,060,416
At 1 January 2021	500,000	9,167,443	9,667,443
Comprehensive income for the year			
Profit for the year	-	1,145,284	1,145,284
At 31 December 2021	500,000	10,312,727	10,812,727

The notes on pages 14 to 27 form part of these financial statements.

CCPI EUROPE LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 £	2020 £
Cash flows from operating activities		
Profit for the financial year	1,145,284	1,060,416
Adjustments for:		
Depreciation of tangible assets	81,622	78,536
Taxation charge	251,254	258,337
Decrease/(increase) in stocks	65,999	(221,665)
(Increase)/decrease in debtors	(20,917)	164,645
Increase/(decrease) in creditors	106,176	(79,110)
Corporation tax (paid)	(271,634)	(301,234)
Net cash generated from operating activities	1,357,784	959,925
Cash flows from investing activities		
Purchase of tangible fixed assets	(65,695)	(87,615)
Sale of tangible fixed assets	-	5,113
Net cash from investing activities	(65,695)	(82,502)
Net increase in cash and cash equivalents	1,292,089	877,423
Cash and cash equivalents at beginning of year	7,161,638	6,284,215
Cash and cash equivalents at the end of year	8,453,727	7,161,638
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	8,453,727	7,161,638
Note 15	8,453,727	7,161,638

The notes on pages 14 to 27 form part of these financial statements.

CCPI EUROPE LIMITED

ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2021

Statement of cash flows continued

	At 1 January 2021 £	Cash flows £	At 31 December 2021 £
Cash at bank and in hand	7,161,638	1,292,089	8,453,727
	<u>7,161,638</u>	<u>1,292,089</u>	<u>8,453,727</u>

The notes on pages 14 to 27 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

1. General information

CCPI Europe Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The registered office is Unit D Vector 31 Business Park, Waleswood Way, Sheffield, South Yorkshire, S26 5NU.

The principal activities of the Company and the nature of its operations are set out in the strategic report on pages 1 to 2.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

CCPI Europe Limited is a parent company that prepares separate financial statements. The company is exempt from the requirement to prepare group accounts in accordance with section 402 of the Companies Act given that the inclusion of its subsidiary undertakings is not material for the purposes of giving a true and fair view.

The following principal accounting policies have been applied:

2.2 Going concern

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 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 these financial statements and, accordingly, have prepared the financial statements on a going concern basis.

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.4 Revenue

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

Sale of goods

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

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

Rendering of services

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

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

2.5 Government grants

Grants are accounted under the accruals model as permitted by FRS 102.

Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure.

2.6 Pensions

Defined contribution pension plan

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.7 Current and deferred taxation

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

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

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

2.8 Tangible fixed assets

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Long-term leasehold property	- Straight line over life of the lease
Plant and machinery	- 10%-20% straight line
Fixtures and fittings	- 10%-20% straight line

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

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

2.10 Stocks

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

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

2.11 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.12 Cash and cash equivalents

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

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

2.13 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.14 Provisions for liabilities

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

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

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

2.15 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Statement of comprehensive income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)**2.15 Financial instruments (continued)**

net basis or to realise the asset and settle the liability simultaneously.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

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

In the application of the companies's accounting policies which are described in note 2, 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 revision affects both current and future periods.

There are no judgements or key sources of estimation uncertainty taken that could result in a material change to the carrying value in the financial statements within the next 12 months.

4. Turnover

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

Analysis of turnover by country of destination:

	2021 £	2020 £
United Kingdom	4,499,926	4,090,247
Rest of Europe	2,056,779	1,696,686
Rest of the world	546,078	243,118
	<u>7,102,783</u>	<u>6,030,051</u>

CCPI EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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5. Other operating income

	2021 £	2020 £
Job Retention Scheme	11,836	157,378
	<u>11,836</u>	<u>157,378</u>

Under the Coronavirus Job Retention Scheme, the company has received a total of £11,836 (2020: £157,378) during the financial period which has been recognised in the profit and loss account as other operating income - Job Retention Scheme. There have been no unfulfilled conditions and other contingencies attaching to the grants.

6. Operating profit

The operating profit is stated after charging/(crediting):

	2021 £	2020 £
Depreciation of owned tangible fixed assets	81,622	78,536
Exchange losses / (gains)	93,508	(9,520)
Motor vehicle leasing	32,501	32,981
Cost of stocks recognised as an expense	<u>2,595,495</u>	<u>2,398,298</u>

7. Auditors' remuneration

	2021 £	2020 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>31,020</u>	<u>28,400</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2021 £	2020 £
Wages and salaries	1,963,441	1,576,084
Social security costs	146,052	164,410
Cost of defined contribution scheme	70,332	61,064
	<u>2,179,825</u>	<u>1,801,558</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2021 No.	2020 No.
Manufacturing	21	22
Sales	12	10
Laboratory and service	8	9
Administration	12	12
	<u>53</u>	<u>53</u>

9. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	402,946	363,236
Company contributions to defined contribution pension schemes	41,564	36,324
	<u>444,510</u>	<u>399,560</u>

During the year retirement benefits were accruing to 3 directors (2020 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £148,408 (2020 - £160,890).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

10. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	251,254	245,544
	<u>251,254</u>	<u>245,544</u>
Total current tax	<u>251,254</u>	<u>245,544</u>
Deferred tax		
Origination and reversal of timing differences	-	12,793
	<u>-</u>	<u>12,793</u>
Total deferred tax	<u>-</u>	<u>12,793</u>
Taxation on profit on ordinary activities	<u>251,254</u>	<u>258,337</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020 - higher than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	<u>1,396,538</u>	<u>1,318,753</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	265,342	250,563
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,145	1,145
Capital allowances for year in excess of depreciation	(6,164)	(6,164)
Other differences leading to an increase (decrease) in the tax charge	(9,069)	12,793
	<u>251,254</u>	<u>258,337</u>
Total tax charge for the year	<u>251,254</u>	<u>258,337</u>

Factors that may affect future tax charges

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

10. Taxation (continued)

There are no factors that may affect future tax changes. The UK main corporation tax rate is expected to remain at 19% until 31 March 2023. In the UK budget on 3 March 2021, it was announced that the main rate of corporation tax would increase to 25% from 1st April 2023.

11. Tangible fixed assets

	Long-term leasehold property £	Plant and machinery £	Fixtures and fittings £	Total £
Cost or valuation				
At 1 January 2021	2,324,416	384,134	255,547	2,964,097
Additions	-	41,419	24,276	65,695
At 31 December 2021	2,324,416	425,553	279,823	3,029,792
Depreciation				
At 1 January 2021	943,925	245,356	202,529	1,391,810
Charge for the year on owned assets	40,000	12,958	28,664	81,622
At 31 December 2021	983,925	258,314	231,193	1,473,432
Net book value				
At 31 December 2021	1,340,491	167,239	48,630	1,556,360
At 31 December 2020	1,380,491	138,778	53,018	1,572,287

12. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2021	402
At 31 December 2021	402

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Registered office	Class of shares	Holding
Pyrometrics Limited	UK	Ordinary	100 %

The above subsidiary did not have a principal activity as it was a non trading company. Its registered office is Unit D 31 Business Park, Waleswood Way, Sheffield, South Yorkshire, S26 5NU.

13. Stocks

	2021	2020
	£	£
Raw materials and consumables	1,249,171	1,315,782
Work in progress (goods to be sold)	57,244	55,433
Finished goods and goods for resale	181,572	182,771
	<u>1,487,987</u>	<u>1,553,986</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

14. Debtors

	2021	2020
	£	£
Trade debtors	1,263,756	1,245,063
Other debtors	4,071	2,803
Prepayments and accrued income	66,371	65,415
	<u>1,334,198</u>	<u>1,313,281</u>

15. Cash and cash equivalents

	2021	2020
	£	£
Cash at bank and in hand	8,453,727	7,161,638
	<u>8,453,727</u>	<u>7,161,638</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

16. Creditors: Amounts falling due within one year

	2021 £	2020 £
Trade creditors	787,344	615,562
Amounts owed to group undertakings	774,153	774,153
Corporation tax	88,238	108,618
Other taxation and social security	92,840	237,645
Accruals and deferred income	266,422	187,223
	<u>2,008,997</u>	<u>1,923,201</u>

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

17. Financial instruments

	2021 £	2020 £
Financial assets		
Financial assets measured at fair value through profit or loss	<u>9,721,554</u>	<u>8,409,504</u>
Financial liabilities		
Financial liabilities measured at fair value through profit or loss	<u>1,561,497</u>	<u>1,389,715</u>

Financial assets measured at fair value through profit or loss comprise trade and other debtors and cash and bank balances.

Financial liabilities measured at fair value through profit or loss comprise trade creditors and loans from a connected company.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

18. Deferred taxation

	2021 £
At beginning of year	(10,950)
Charged to profit or loss	-
At end of year	<u>(10,950)</u>

The provision for deferred taxation is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	(10,950)	(10,950)
	<u>(10,950)</u>	<u>(10,950)</u>

The balance above is expected to be fully utilised within the next 12 months.

19. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
500,000 (2020 - 500,000) Ordinary Shares shares of £1.00 each	<u>500,000</u>	<u>500,000</u>

20. Pension commitments

Retirement benefit scheme

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. The charge to the profit and loss account in respect of the defined contribution scheme was £70,332 (2020: £61,064).

21. Related party transactions

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 group or subsidiary undertaking.

Please refer to Note 9 of the financial statements in relation to remuneration of key management personnel.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

22. Controlling party

The immediate parent company of CCPI Europe Limited is The Marmon Group Limited, which is incorporated in the United Kingdom.

The ultimate parent company, and the company heading the largest and smallest group preparing consolidated financial statements which include the company, is Berkshire Hathaway Inc., a U.S. company publicly traded on the New York Stock Exchange. The registered office of Berkshire Hathaway Inc. is 3555 Farnam Street, Omaha, Nebraska, United States of America. The financial statements of Berkshire Hathaway Inc. can be obtained from www.berkshirehathaway.com.

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