Angus International Safety Group Limited

Annual report and financial statements for the year ended 31 December 2019

Registered Number: 08441763

Angus International Safety Group Limited

Annual report and financial statements

for the year ended 31 December 2019

Contents

Angus International Safety Group Limited
Directors and advisors for the year ended 31 December 2019

Directors
Christopher Thomas (Chairman)
Nicholas Barker
Charles Delle-Case
Lynda Guest
Christopher Milburn
Paul Williams (Chief Executive Officer)

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Angus International Safety Group Limited

Strategic Report for the year ended 31 December 2019

The directors present their strategic report on the Group for the year ended 31 December 2019.

Principal activities
The principal activities of Angus International Safety Group (AISG) are the design, manufacture and sale of a comprehensive range of fire safety and fluid transfer products, encompassing both fire and industrial hose, fire-fighting foam concentrates, fire-fighting and fluid transfer equipment along with bespoke fire safety engineered solutions into global Aviation, Military, Agriculture, Mining, Municipal, Petrochem Oil and Gas sectors.

At 31 December 2019, AISG the company, is the ultimate parent company of the Group. The principal activities of the company AISG are investment and financing of all companies within the Group.

Review of business
AISG has the benefit of trading in multiple sectors and over 120 countries during 2019, which has enabled it to have a robust market position and it continues to have well-balanced sales and manufacturing facilities, trading in Euro, GBP and US dollar denominated countries. A review of trading based on the key KPIs is included in the KPI section.

In Q1, AISG through its US subsidiary, National Foam, Inc responded to a multi tank fire at a large storage facility in Texas. Utilising its Red Alert emergency capability the business was able to immediately respond to the Customer and provide in excess of 229,000 US gallons of foam to them over a 3 week timescale.

AISG continued to develop and launch new products during 2019, allowing AISG to maintain its competitive edge and through technological leadership, allow it to differentiate its products and services against the competition within all of the diverse markets in which AISG trades. Several of these new products have resulted in patents and to do this in very mature fire safety markets are significant achievements. In addition, AISG's Foam R&D centre continued to make excellent progress on a prestigious US Department of Defence (DoD) contract for ultimately the development of a Mil-Spec compliant Fluorine Free Foam, and work continues with universities to develop alternative chemical compositions to ensure that our technological leadership position is maintained.

AISG brands are very strong and globally respected as premium products and engineered solutions and AISG will continue to capitalise on that strength in all markets.

Future developments
Key to our future success is continuing the effective execution of our well-developed sales plans and strategies and continuing the operational improvements in manufacturing to ensure the products maintain their quality and premium position whilst being competitively priced.

New products will continue to form the backbone of future sales growth plans to ensure AISG remains at the forefront of providing customers with products that add real value and save lives.

Principal risks and uncertainties
The Group continually reviews its business risks, ranking the risk according to the significance of its effect and its likelihood of happening, and then establish action plans to reduce or mitigate any such risk.

The principal risks monitored by group management are: changing environmental regulation, competition, IP protection, cyber and finance risks (see Report of the Directors for more detail on finance risks).

Group management monitors these risks on a regular basis and has plans in place for mitigation, such as ensuring close contact with customers and resources in the Group's main markets to ensure any projected changes in legislation and competitive threat are identified early.

The COVID-19 pandemic has created uncertainty around the world with different regions impacted at different times, and whilst the demand for AISG products is driven by regulation, legislation and safety factors, the impact has been varied across the businesses. Angus Fire (UK), which supplies to all areas of the world has seen the order intake for products manufactured at its Bentham site reduced and although initially utilising the Government's Job Retention scheme has sadly had to take the action of reducing headcount in July 2020 as it is anticipated that any recovery in demand will be long term. National Foam (USA) has seen a drop in order intake, but with support from the US government Payroll Protection Plan has not had to reduce headcount.

All businesses have been operating with staff working from home, and for those not able to work from home has implemented controls at each site ensuring employee safety at all times and complying with local Government regulations, this has allowed the businesses to continue supplying key life safety and critical infrastructure equipment to its customers.

S.172 Statement

The Board of directors of AISG and all of its subsidiaries have acted at all times in good faith to ensure and promote the success of the company for the benefit of all stakeholders to the business as set out in s172 (1) (a-f) of the Act during the year ending 31st December 2019 and all aligned to our Business Plan approved by the Board.

a) Our Plan introduced Product Managers in 2017, with their main focus being the long term strategic development and growth of their respective Product groups and as such have each developed Product Strategies that have been reviewed by both the Board, Directors, Senior Management and through effective engagement, have been communicated to all Sales & Marketing and Customer focused Employees. Investments associated with these strategies are Board approved and progress is managed via the company's monthly GAP (Gated Approval Process) meetings attended by a number of cross functional employees.

b) Our Employees are fundamental in delivering our plan and so effective broad coverage and varied communication channels have been put in place, for example CEO briefings; Quarterly including Q&A with all UK employees and bi-Annual town hall meetings with US employees. More local briefings in France and US by French President and US General Manager, plus daily meetings with Production operatives across all sites. In addition Trade Unions (GMB & Unite), Employee Forums and Works Council meetings are held monthly with HR, in addition to EH&S monthly reviews involving Trade Unions are undertaken to provide input from all employees.

c) As a mature and well established business, we have trading relationships with Suppliers & Customers that have been in place for decades, relationships are strong, payments made are consistent to enable our suppliers to better plan and manage their own cash flows effectively. With an ISO9001 Quality management system in place, we are continually finding ways to improve our business processes to ensure that lead times are market competitive and that on time delivery is as high as it can be. Annual "Customer Service" targets are set and measured to ensure we meet our Customers' expectations and that they can rely and trust in us. Supplier visits and audits take place to ensure that personal relationships are emboldened beyond telephone calls and emails and that we listen to ways in which we can improve to make the entire supply chain process more efficient.

d) All our businesses are large employers within their local area and are accredited and operate the businesses in accordance with ISO 14001 Environmental Management System. Angus Fire financially supports the annual firework display in Bentham, it provide several acres of green space to a local charity, who provide social activities for the local Bentham community and we assist with professional support and services, with an employee attending the monthly committee meetings to see where we can further assist and support their ideas and activities, including recently assisting with the instalment of CCTV cameras to the "clubhouse" and football changing rooms. In the US we provide the local West Chester Fire and Rescue service with equipment, foam and small levels of funding.

e) The business has been in operation for over 100 years and has been successful because of its high quality products, services and equally as important its technical knowledge and trustworthy reputation within the Markets we trade, which is why Customers come back to us year after year. In addition, employee retention levels within the Group are very high, which is a sign of employee satisfaction. Management operates an "open door" policy and can easily be approached for further discussions available to all levels within the business. Employees also have the ability to communicate anonymously via the Trade Unions should they have any issues and in addition to the regular Union meetings.

f) We operate with twelve Members of the Senior Management team to ensure that all roles, functions, sites and teams are considered in a fair and balanced manner. Investments decisions are made by the team using commercial, financial, market, supplier and employees considerations across all sites.

Key performance indicators

The primary financial KPIs are consolidated revenue, consolidated gross profit, EBITDAe (earnings before interest, tax, depreciation, amortisation, shareholder costs and exceptional costs) and cash flow. For the year to 31 December 2019 consolidated revenue was £70.0 million (2018 - £57.8 million) and consolidated gross profit before exceptional items was £22.6 million (2018 - £16.4 million).

The Group has made an operating profit before exceptional items of £6.1 million (2018 - £0.8 million) after charging £2.4 million (2018 - £2.4 million) of goodwill amortization. EBITDAe in the year is £9.4m (2018 - £4.2m).

Cash flow generated from operations during the year is £6.9 million, 73.4% of EBITDAe. (2018 £2.1 million (47.6% of EBITDAe)).

Exceptional costs for the year totalled £0.03 million (2018 £1.4 million) and were a continuation of prior year activities.

Each of the subsidiaries has its own relevant non-financial metrics examples of which are: customer on time delivery, supplier on time delivery, yield and first time pass rates along with scrap statistics (quality control measurements), planned and actual production outputs and adherence to plant maintenance schedules.

On behalf of the Board

L M Guest

Lynda M Guest
Director
1 October 2020

Angus International Safety Group Limited
Directors' report for the year ended 31 December 2019

The Directors present their report and audited financial statements of the Group and the Company for the year ended 31 December 2019.

Results and dividends
The consolidated profit and loss account for the year is set out on page 12. No dividend has been proposed nor declared for the year. The net liabilities of the company as at 31 December 2019 was £15.7 million (2018 - £12.2 million).

Directors
The Directors of the Group and the Company during the year and up to the date of this report were:
Christopher Thomas
Nicholas Barker
Charles Delle-Case
Lynda Guest
Christopher Handy (resigned on 31st December 2019)
Richard Ibbett (appointed 1st January 2020)
Christopher Milburn
Paul Williams

Directors' indemnities
The Company maintains Director and Officers' liability insurance which is a qualifying third party indemnity provision. This has been in place for the financial year to 31 December 2019 and remains in force at the date of this report.

Review of business and future developments
This section is covered in the Strategic Report on page 2.

Going concern
The Group meets its day-to-day working capital requirements through its own cash generation and its bank facilities (being term debt and a revolving facility/overdraft). The term debt is committed; subject to financial covenants tested quarterly; and matures at end of October 2021. The revolving facility is committed; subject to covenants; and matures in November 2020, Although the Group has sufficient cash resources without this facility, it has applied to the Banks to align the expiry date of this facility with the term debt at end of October 2021, and is expecting the Banks' response during October. The Group also has shareholder loan notes that are repayable in December 2021. It is the intention of the directors to carry out a refinancing of the business before the Group's existing term debt and shareholder debt matures in quarter four of 2021.

Despite the negative equity at Group, the directors believe the Company is well placed to manage its business risks and are of the opinion that the Group and Company have adequate resources to continue its operations for at least 12 months after the date of signing the financial statements. In order to arrive at this opinion, particularly given the uncertainty that COVID-19 creates, the Group has undertaken a series of scenario testing in order to assess potential impacts of the pandemic on the differing parts of the business, and is satisfied that the Group can operate under all these scenarios for at least 12 months after the date of signing the financial statements.

Management's base case assumption is that trading continues to be impacted by COVID-19 during the balance of 2020 before recovering in 2021. Revenue for 12 months from the date of signing the financial statements are expected to be 10-15% lower than forecasts prepared prior to the pandemic.

Management's most severe downside scenario assumes no improvement in trading compared to the actual post COVID-19 period, resulting in a further reduction to revenue of 10% during the 12 months from the date of signing the financial statements.

Employee involvement
Group policy requires that employees be kept up to date with the future of the Company and Group through a wide range of internal communications. Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the company as a whole.

Directors' report for the year ended 31 December 2019 (continued)

Equal opportunities and employment of disabled persons
Group policy is to find the best qualified person for each job and to make sure that training and promotion possibilities are open to all employees, regardless of sex, sexual orientation, disability, race, colour, religion, age, marital status, nationality or ethnic origin.

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and the appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Health, Safety & Environmental
Safe, environmentally healthy and hygienic working conditions are necessary for employees and the Group operates in compliance with its ISO 14001 Environmental Management Accreditation and best practice, whilst constantly looking for ways to improve.

Research and development
The Group has one of the foremost technology teams in the fire protection industry. Leading edge technology enables the Group to provide customers with the widest portfolio of existing and new products.

Financial risk management objectives
The Group's operations expose it to a variety of financial risks, the most significant being:

Credit risk
Where appropriate, relevant credit checks are performed on potential customers before sales are made. The amount of exposure to any individual customer is controlled by means of documentary payment methods such as Letters of Credit and through a credit limit that is monitored regularly by management and, in the case of a financially material value, by the Board.

Foreign exchange exposure
The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the Euro. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The Group has secured its bank borrowing in US dollar to provide a natural hedge against the assets and liabilities of its US operations. The Group reviews the net transactional risk on a monthly basis and if appropriate will enter into forward sale and purchase contracts to mitigate these risks. No such contracts exist as at 31 December 2019.

Liquidity risk
Liquidity risk is managed centrally by Group Treasury through operating entities providing monthly forecasts which are aggregated for the Group to ensure sufficient funds are available for operations and to maintain sufficient headroom on the Group's undrawn committed borrowing facilities to ensure it does not breach borrowing limits or covenants in any of its borrowing facilities. The Group has a policy that surplus cash held by the operating entities is transferred to Group Treasury.

Statement of Engagement with suppliers and employees
Please refer to s.172 statement in the Strategic Report, page 3.

Statement of Directors' responsibilities
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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

In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed for the group and company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Disclosure of information to auditors
In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the group and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group and company's auditors are aware of that information.

Independent auditors
PricewaterhouseCoopers LLP, have completed 6 years as auditors of the business and whilst PwC have indicated their willingness to continue in office, the Board consider it an appropriate time to review the options in the market. Once the market review is complete the Board will make their recommendation to either reappoint PwC or to appoint a new auditor for 2020 at the annual general meeting.

On behalf of the Board

LM Guest

Lynda M Guest
Director
1 October 2020

Angus International Safety Group Limited

Independent auditors' report to the members of Angus International Safety Group Limited

Report on the audit of the financial statements

Opinion

In our opinion, Angus International Safety Group Limited's group financial statements and company financial statements (the "financial statements"):

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

We have audited the financial statements, included within the Annual Report and financial statements (the "Annual Report"), which comprise: the consolidated and company balance sheets as at 31 December 2019; the consolidated profit and loss account and consolidated statement of comprehensive income, the consolidated statement of cash flows, and the consolidated and company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

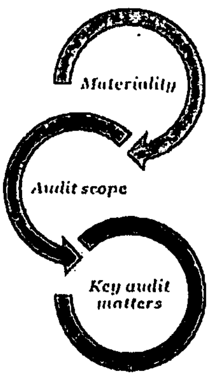
We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

- *Overview*



- Overall group materiality: £400,000 (2018: £400,000), based on 0.6% of total revenues.
- Overall company materiality: £150,000 (2018: £356,700), based on the lower of component and statutory materiality (statutory materiality based on 1% of total assets).

- We performed full scope audits over the group's three significant trading companies (Angus Fire Limited, National Foam Inc., Eau & Feu SAS) and a full scope audit over Angus International Safety Group Limited (the parent company).
- We performed audit work in relation to specific balances and transactions within the group's intermediate holding company (Angus Holdings Safety Group Limited), including external borrowings and interest costs.
- We performed audit work in relation to specific balances and transactions within the group's non-significant trading company (Angus Flexible Pipelines Australia Pty. Limited.) including revenue, accounts receivable and inventory.
- The components where we performed our audit work, accounted for 100% of revenue and 100% of loss before tax.

- Impact of COVID-19 (group and company).
- Goodwill impairment assessment (group).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	*How our audit addressed the key audit matter*
Impact of COVID-19 (group and company) The COVID-19 global pandemic and the related government responses to this crisis are having a significant impact on the economies of all countries in which the group operates. There is a high level of uncertainty as to the duration of the pandemic and what its lasting impact will be. Management has considered the impact of the pandemic on the group's future performance in order to conclude on the group and company's ability to continue as a going concern. Management has also considered the related disclosures that are included in the financial statements. In assessing the group and company's ability to continue as a going concern Manangement prepared a number of cash flow forecasts each based on a different possible scenario, all covering a period extending to 31 December 2021. All scenarios were considered plausible with the most severe including a prolonged period of reduced demand. Management concluded that the group and company are able to continue to continued as a going concern for at least 12 months from the date of this report.	In assessing management's considerations of the potential impact of COVID-19, we have undertaken the following procedures: - We obtained management's base case and downside case forecasts. - We agreed the opening cash position in the cash flow forecasts to bank statements and checked the mathematical accuracy of the forecasts. - We compared the forecast operating cash flows to historical actual performance, both prior to and during the pandemic. We tested the forecast cost savings by obtaining evidence of actions taken in the period between the balance sheet date and the date of this report. - We agreed the amount and timing of debt repayments to the related agreements and also recalculated forecast covenant calculations. - We compared the forecast capital expenditure to historic actual amounts and understood what portion of this was committed and / or essential. - We evaluated management's downside scenarios and challenged their severity when compared to actual performance during the pandemic. We also challenged the timing and rate of expected recovery, including verifying evidence relating to committed future sales orders. - We analysed Management's ability to implement further mitigating actions, if necessary, that had not been included in the forecasts. - We read the disclosures in the financial statements in relation to the impact of the pandemic to assess whether these are consistent with the forecasts prepared and are sufficiently detailed. Our conclusions relating to going concern are included below.
Goodwill impairment assessment (group) The Group had goodwill of £10,359,000 as at 31 December 2019 (2018: £12,872,000). The asset is being amortised over 10 years and is reviewed for indication of impairment annually.	In assessing management's conclusions regarding the valuation of goodwill we performed the following procedures: - We obtained management's value in use calculations and assessed their appropriateness. We compared the calculations to those prepared in the

Key audit matter	*How our audit addressed the key audit matter*
Management has performed a full impairment review to compare the carrying value of goodwill to its recoverable value. Management allocated goodwill to individual cash generating units ('CGUs') based on the group's trading entities. The recoverable amount of the CGUs is based on their value in use. We focused on this area because the determination of value in use involves a high degree of estimation uncertainty both in relation to the forecast future cash flows and the appropriate discount rate used. As a result of the impairment assessment performed, no impairment was noted.	prior year and tested their mathematical accuracy. - We evaluated the assumptions used in the cash flow forecasts underlying the value in use calculations and compared these to the actual performance of the group in the past and external evidence related to changes in market regulations. - We performed independent research to assess the appropriateness of forecast long term growth rates. - We assessed the appropriateness of the discount rates used by comparing these to our own acceptable ranges, calculated by our internal valuations experts. The discount rates used were either within the acceptable range or when adjusted to be within the acceptable range did not impact the conclusion reached. - We assessed the extent of changes in key assumptions required in order to eliminate headroom in the calculations and considered whether such changes were reasonably possible either individually or in combination. We agreed with management's conclusion that no impairment was noted.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The Group is structured along three main trading entities being Angus Fire Limited, National Foam Inc., Eau et Feu SAS and a smaller entity being Angus Flexible Pipelines Australia Pty. Limited as well as a branch, Vaarullen Uniser SAS. There are two holding companies being Angus Holdings Safety Group and Angus International Safety Group, with the latter being the company in the financial statements.

An audit of the complete financial information was performed over Angus International Safety Group Limited, Angus Fire Limited, National Foam Inc., and Eau et Feu SAS. In addition we performed audit work in relation to specific balances and transactions within the group's intermediate holding company (Angus Holdings Safety Group Limited) including external borrowings. We also performed audit work in relation to specific balances and transactions within the group's other trading company (Angus Flexible Pipelines Australia Pty. Limited.) including revenue, accounts receivable and inventory.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Angus International Safety Group Limited

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	*Company financial statements*
Overall materiality	£400,000 (2018: £400,000).	£150,000 (2018: £356,700).
How we determined it	0.6% of total revenues.	Based on the lower of component and statutory materiality (statutory materiality based on 1% of total assets)
Rationale for benchmark applied	We note that the revenue benchmark used is a consistent measure of the performance of the business year on year. It is a key measure used by the Board in evaluating the performance of the Group.	We believe that calculating statutory materiality based on 1% of total assets is appropriate as total assets is a typical primary measure for users of the financial statements of holding companies, and is a generally accepted auditing benchmark.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £150,000 and £350,000. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We agreed with the directors that we would report to them misstatements identified during our audit above £20,000 (Group audit) (2018: £20,000) and £7,500 (Company audit) (2018: £17,800) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

R Halfpenny

Robert Halfpenny (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
1 October 2020

Angus International Safety Group Limited
Consolidated profit and loss account for the year ended 31 December 2019

	Note	2019 Before Exceptional Items £'000	2019 Exceptional Items (note 4) £'000	2019 TOTAL £'000	2018 Before Exceptional Items £'000	2018 Exceptional Items (note 4) £'000	2018 TOTAL £'000
Revenue	2	70,031	-	70,031	57,841	-	57,841
Cost of sales		(47,403)	(79)	(47,482)	(41,479)	(538)	(42,017)
Gross profit		22,628	(79)	22,549	16,362	(538)	15,824
Distribution costs		(6,310)	-	(6,310)	(6,169)	-	(6,169)
Administrative expenses		(10,246)	44	(10,202)	(9,425)	(817)	(10,242)
Operating profit/(loss)	3	6,072	(35)	6,037	768	(1,355)	(587)
Interest receivable and similar income	6	178	-	178	152	-	152
Interest payable and similar expenses	6	(5,492)	-	(5,492)	(5,453)	-	(5,453)
Net interest expense		(5,314)	-	(5,314)	(5,301)	-	(5,301)
Profit/(loss) before taxation		758	(35)	723	(4,533)	(1,355)	(5,888)
Tax on profit/(loss)	7	(1,306)	3	(1,303)	(50)	248	198
Loss for the financial year from continuing operations		(548)	(32)	(580)	(4,583)	(1,107)	(5,690)

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the Company profit and loss account. The loss for the Company for the financial year was £3,509,000 (2018: £3,233,000).

Angus International Safety Group Limited

Consolidated statement of comprehensive income for the year ended 31 December 2019

	Note	2019	2018
		£'000	£'000
Loss for the financial year		(580)	(5,690)
Other comprehensive (expense)/ income, net of tax			
Actuarial loss on pension scheme	17	(206)	(21)
Foreign exchange translation adjustments		(510)	208
Other comprehensive (expense)/ income, net of tax, for the year		(716)	187
Total comprehensive expense for the year		(1,296)	(5,503)

Angus International Safety Group Limited

Consolidated and company balance sheets as at 31 December 2019

		Group		Company	
	Note	2019	2018	2019	2018
		£'000	£'000	£'000	£'000
Fixed Assets					
Intangible assets	8	10,359	12,872	-	-
Tangible assets	9	3,391	4,122	-	-
Investments	10	-	-	362	362
		13,750	16,994	362	362
Current Assets					
Inventories	11	11,150	9,411	-	-
Debtors	12	13,449	15,074	37,372	35,255
Cash at bank and in hand		2,619	2,735	-	-
		27,218	27,220	37,372	35,255
Total Assets		40,968	44,214	37,734	35,617
Capital and reserves					
Called up share capital	18	10	10	10	10
Share premium account		236	236	236	236
Accumulated losses at 1 January		(20,057)	(14,554)	(12,409)	(9,176)
Loss for the financial year		(1,296)	(5,503)	(3,509)	(3,233)
Accumulated losses at 31 December		(21,353)	(20,057)	(15,918)	(12,409)
Total Shareholders' deficit		(21,107)	(19,811)	(15,672)	(12,163)
Liabilities due within one year					
Creditors: amounts falling due within one year	13	12,001	12,748	9,094	3,732
		12,001	12,748	9,094	3,732
Liabilities due in greater than one year					
Bank loan and overdrafts due in greater than one year	14	2,478	3,978	-	-
Shareholder loans due in greater than one year	14	44,312	44,048	44,312	44,048
Total Liabilities due in greater than one year		46,790	48,026	44,312	44,048
Provisions for liabilities	16	1,668	1,776	-	-
Pension liabilities	17	1,616	1,475	-	-
Total Liabilities and Equity		40,968	44,214	37,734	35,617

The notes on pages 19 to 49 are an integral part of these financial statements.

The financial statements on pages 12 to 49 were approved by the Board of Directors on 1 October 2020 and signed on its behalf by:

L. M. Guest

Lynda M Guest
Director
Angus International Safety Group Limited: Registered No 08441763

Angus International Safety Group Limited

Consolidated statement of changes in equity for the year ended 31 December 2019

	Called -up share capital	Share Premium Account	Accumulated losses	Total shareholders' deficit
	£'000	£'000	£'000	£'000
Balance as at 1 January 2018	10	236	(14,554)	(14,308)
Loss for the financial year	-	-	(5,690)	(5,690)
Other comprehensive income for the year	-	-	187	187
Total comprehensive expense for the year	-	-	(5,503)	(5,503)
Balance as at 31 December 2018	**10**	**236**	**(20,057)**	**(19,811)**

	Called -up share capital	Share premium account	Accumulated losses	Total shareholders' deficit
	£'000	£'000	£'000	£'000
Balance as at 1 January 2019	10	236	(20,057)	(19,811)
Loss for the financial year	-	-	(580)	(580)
Other comprehensive expense for the year	-	-	(716)	(716)
Total comprehensive expense for the year	-	-	(1,296)	(1,296)
Balance as at 31 December 2019	**10**	**236**	**(21,353)**	**(21,107)**

Angus International Safety Group Limited

Company statement of changes in equity for the year ended 31 December 2019

	Called-up share capital	Share premium account	Accumulated losses	Total shareholders' deficit
	£'000	£'000	£'000	£'000
Balance as at 1 January 2018	10	236	(9,176)	(8,930)
Loss for the financial year	-	-	(3,233)	(3,233)
Total comprehensive expense for the year	-	-	(3,233)	(3,233)
Balance as at 31 December 2018	**10**	**236**	**(12,409)**	**(12,163)**

	Called-up share capital	Share premium account	Accumulated losses	Total shareholders' deficit
	£'000	£'000	£'000	£'000
Balance as at 1 January 2019	10	236	(12,409)	(12,163)
Loss for the financial year	-	-	(3,509)	(3,509)
Total comprehensive expense for the year	-	-	(3,509)	(3,509)
Balance as at 31 December 2019	**10**	**236**	**(15,918)**	**(15,672)**

Angus International Safety Group Limited

Consolidated statement of cash flows for the year ended 31 December 2019

	Note	2019	2018
		£'000	£'000
Net cash from operating activities	24	6,908	2,137
Taxation paid/(received)		136	(639)
Net cash generated from operating activities		7,044	1,498
Cash flow from investing activities			
Purchase of tangible fixed assets	9	(214)	(225)
Proceeds from sale of business division		-	3,230
Net cash (used in)/generated from investing activities		(214)	3,005
Cash flow from financing activities			
Repayment of borrowings	25	(6,400)	(6,842)
Interest paid		(209)	(471)
Net cash used in financing activities		(6,609)	(7,313)
Net decrease in cash and cash equivalents		221	(2,810)
Cash and cash equivalents at the beginning of the year		2,735	5,524
Exchange gains on cash and cash equivalents		(337)	21
Cash and cash equivalents at the end of the year		2,619	2,735
Cash and cash equivalents consists of:			
Cash at bank and in hand		2,619	2,735
Cash and cash equivalents		2,619	2,735

Angus International Safety Group Limited

Notes to the financial statements for the year ended 31 December 2019

1 Accounting policies

General Information
Angus International Safety Group Limited ('the Company') is a private company limited by shares and is incorporated in the United Kingdom. It is registered in England and the address of its registered office is Station Road, High Bentham, Near Lancaster LA2 7NA. The principal activities of the Company and its subsidiaries ('the Group') are the design, manufacture and sale of a comprehensive range of fire safety products, encompassing both fire & industrial hose products, firefighting foam concentrates, firefighting equipment and bespoke engineered fire safety product solutions into global Aviation, Military, Agriculture, Mining, Municipal, Petrochem Oil & Gas (both offshore and onshore) markets.

Statement of compliance
The Group and individual financial statements of Angus International Safety Group Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

Summary of significant accounting policies
The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below. These policies have been consistently applied to all the years presented.

a. Basis of accounting

The financial statements of the Company and Group have been prepared on a going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group and Company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in paragraph x.

The Company has taken advantage of the exemption in section 408 of the Companies Act from disclosing its individual profit and loss account.

b. Going concern

The Group meets its day-to-day working capital requirements through its own cash generation and its bank facilities (being term debt and a revolving facility/overdraft). The term debt is committed; subject to financial covenants tested quarterly; and matures at end of October 2021. The revolving facility is committed; subject to covenants; and matures in November 2020, Although the Group has sufficient cash resources without this facility, it has applied to the Banks to align the expiry date of this facility with the term debt at end of October 2021, and is expecting the Banks' response during October. The Group also has shareholder loan notes that are repayable in December 2021. It is the intention of the directors to carry out a refinancing of the business before the Group's existing term debt and shareholder debt matures in quarter four of 2021.

Despite the negative equity at Group, the directors believe the Company is well placed to manage its business risks and are of the opinion that the Group and Company have adequate resources to continue its operations for at least 12 months after the date of signing the financial statements. In order to arrive at this opinion, particularly given the uncertainty that COVID-19 creates, the Group has undertaken a series of scenario testing in order to assess potential impacts of the pandemic on the differing parts of the business, and is satisfied that the Group can operate under all these scenarios for at least 12 months after the date of signing the financial statements.

Management's base case assumption is that trading continues to be impacted by COVID-19 during the balance of 2020 before recovering in 2021. Revenue for 12 months from the date of signing the financial statements are expected to be 10-15% lower than forecasts prepared prior to the pandemic.

1 Accounting policies (continued)

b. Going concern (continued)

Management's most severe downside scenario assumes no improvement in trading compared to the actual post COVID-19 period, resulting in a further reduction to revenue of 10% during the 12 months from the date of signing the financial statements.

c. Exemptions for qualifying entities under FRS 102

FRS102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of and no objection to, the use of exemptions by the Company's shareholders. The Company has taken advantage of the following exemptions:

i. From preparing a statement of cash flows, as required by paragraph 3.17(d) of FRS102, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the Company's cash flows;

ii. From the requirement to present certain financial instrument disclosures, as required by sections 11 and 12 of FRS102;

iii. From the requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the period as required by paragraph 4.12 (a)(iv) of FRS102; and

iv. From the requirement to disclose the key management personnel compensation in total as required by paragraph 33.7 of FRS102.

d. Basis of consolidation

The Group consolidated financial statements include the financial statements of the Company and all of its subsidiary undertakings. A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

e. Foreign currencies

i) Functional and presentation currency

The Group financial statements are presented in pound sterling and rounded to thousands.

The Company's functional and presentation currency is the pound sterling.

ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using an average rate for the year.

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 is determined.

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

Foreign exchange gains and losses are presented in the profit and loss account within administrative expenses and net interest expense.

1 Accounting policies (continued)

c. Foreign currencies (continued)

iii) Translation

The trading results of Group undertakings are translated into sterling at the average exchange rates for the year. The assets and liabilities of overseas undertakings, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates ruling at the year end.

Foreign exchange gains and losses resulting from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

f. Foreign exchange on intercompany

Exchange gains and losses in respect of the retranslation of intercompany balances and loans in a currency other than a subsidiary's functional currency are recognised within interest receivable and similar income or interest payable and similar expenses.

g. Revenue

Revenue represents amounts receivable for goods and services, net of value added tax and similar based taxes, recognised on transfer of title, other than where revenue relates to long term contracts, as the directors consider this to be the point at which the risks and rewards of ownership pass to the customer.

Long term contract work in progress is valued at cost, less any foreseeable losses. No profits are included until the outcome of contracts can reasonably be foreseen, at which time estimated profit proportional to turnover is reflected in the financial statements. The related accrued sale is recognised as a current debtor in the balance sheet. Turnover is calculated as a proportion of the total contract value which costs incurred to date bear to total expected costs for that contract.

Where payments are received from customers in advance of services provided, the amounts are recorded as part of Creditors: amounts falling due within one year. Where long term contract accounting is applied the balance is classified as payment on account. Where the receipt is in relation to a non-contract accounting balance, it is classified as deferred income.

h. Exceptional items

The Group classifies certain one-off charges or credits that have a material impact on the Group's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the Group.

i. Employee Benefits

The Group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

Short term benefits, including holiday pay and other similar non-monetary benefits are recognised as an expense in the period in which the service is received.

i) Defined contribution pension plans

The Group operates a number of country specific defined contribution plans for its employees which are financially independent from the Group. Amounts payable to the schemes are charged to the statement of comprehensive income in the year in which they arise.

1 Accounting policies (continued)

i. Employee Benefits (continued)

US employees are offered a 401k scheme through a Professional Employers Organisation (PEO), which has a defined contribution level from the company. Due to the arrangement with the PEO, the US salary costs are shown including pension costs.

The Group has a provision for retirement indemnities liabilities for its French subsidiaries in accordance with the collective bargaining agreements applicable at each company.

Within France the employees receive a French retirement indemnity which is a lump sum paid by the company to the employee when he/she retires. The amount of this benefit depends on the length of service of the employee at the retirement date and is prescribed by collective bargaining agreements. Those agreements are negotiated by Unions' representatives of the employer and of the employees, by the sector of activity and at a national level. Their application is compulsory. The retirement indemnities are not linked to other French standard retirement benefits, such as pensions provided by Social Security or complementary funds (ARRCO and AGIRC).

ii) Annual bonus plan

The Group operates a number of annual bonus plans for employees. An expense is recognised in the profit and loss account when the Group has a legal or constructive obligation to make payments under the plans as a result of past events and a reliable estimate of the obligation can be made.

j. Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

ii) Deferred tax

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

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantially enacted by the period end and that are expected to apply to the reversal of timing differences.

k. Business combinations and goodwill

Business combinations are accounted for by applying the purchase method.

1 Accounting policies (continued)

k. Business combinations and goodwill (continued)

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities. Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the Group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

Goodwill is amortised over its expected useful life. Goodwill is assessed for impairment on an annual basis.

l. Intangible assets

Intangible assets are stated at cost less accumulated amortisation. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

- Goodwill Over 10 years

Amortisation is charged to administrative expenses in the Profit and loss account.

m. Tangible assets

Tangible assets are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes the original purchase price and costs directly attributable to bringing the asset to its working condition for its intended use. Depreciation is calculated using the straight-line method so as to write off the cost of an asset, less its residual value, over the useful economic life of that asset as follows:

- Buildings - over 10 years
- Plant and machinery and vehicles - 3 – 20 years
- Land is not depreciated

No depreciation is charged in respect of costs incurred on capital projects in the course of construction.

Repairs and maintenance costs are expensed as incurred.

n. Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount and an impairment loss is immediately recognised in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of impairment is recognised immediately in profit or loss.

o. Investments

Fixed asset investments are held at historic cost less any appropriate provision for impairment.

1 Accounting policies (continued)

p. Leased assets

At inception the Group assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

i) Operating leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

q. Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future pre-tax and interest cash flows obtainable as a result of the asset's continued use. The pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the statement of comprehensive income, unless the asset has been revalued when the amount is recognised in the other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in the statement of comprehensive income.

If an impairment loss is subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the statement of comprehensive income.

r. Inventories

Inventories are stated at the lower of historical cost and estimated selling price less costs to complete and sell and are measured using the standard cost method. Inventories are recognised as an expense in the period in which the related revenue is recognised.

Raw materials, consumables and supplies are measured at standard cost or, taking account of the principle of lower of cost or market value, at lower market values as of the reporting date. Appropriate valuation allowances are applied to inventories which are obsolete, second-hand, damaged or slow-moving.

Work in progress and finished goods are measured at production cost. Production cost comprises, if applicable, direct material costs, direct labour costs and special costs of production, appropriate indirect material costs, indirect labour costs, depreciation and amortisation of fixed assets and administrative overheads that are attributable to the production process.

s. Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and bank overdrafts.

1 Accounting policies (continued)

t. Research and development

Expenditure on research and development is written-off in the year in which it is incurred.

u. Provisions and contingencies

i) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

In particular:

i) Restructuring provisions are recognised when the Group has a detailed, formal plan for the restructuring and has raised a valid expectation in those affected by either starting to implement the plan or announcing its main features to those affected and therefore has a legal or constructive obligation to carry out the restructuring; and

ii) Provision is not made for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

ii) Contingencies

Contingent liabilities are not recognised and arise a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Group's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised.

v. Financial Instruments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

i) Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

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

1 Accounting policies (continued)

v. Financial Instruments (continued)

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in statement of comprehensive income.

If there is 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 statement of comprehensive income.

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

ii) Financial liabilities

Basic financial liabilities, including trade and other payables are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

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

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

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

The Company does not hold or issue derivative financial instruments.

iii) Offsetting

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

iv) Hedging arrangements

The Group does not generally apply hedge accounting in respect of forward foreign exchange contracts held to manage the cash flow exposures of forecast transactions denominated in foreign transactions.

The Group applies hedge accounting for transactions entered into to manage the cash flow exposures of borrowings. When required, interest rate swaps are held to manage interest rate exposures and are designated as cash flow hedges of floating rate borrowings.

Changes in the fair values of derivatives designated as cash flow hedge and which are effective, are recognised directly in equity. Any ineffectiveness in the hedging relationship (being the excess of the cumulative change in the fair value of the hedged item since inception of the hedge) is recognised in the income statement.

1 Accounting policies (continued)

v. Financial Instruments (continued)

The gain or loss recognised in other comprehensive income is reclassified to the income statement when the hedging relationship ends. Hedging is discontinued when the hedging instrument expires, no longer meets the hedging criteria, the forecast transaction is no longer highly probable, the hedged debt instrument is derecognised or the hedging instrument is terminated.

w. Related party disclosures

The Company has taken advantage of the exemption, as provided by paragraph 33.1A of FRS 102 and does not disclose transactions with members of the same group that are wholly owned. The Group discloses transactions with related parties which are not wholly owned with the same group in note 21.

x. Critical accounting judgements and key source of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

i) Taxation

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. See note 16, provisions for liabilities, for the notes to the deferred tax asset.

ii) POC accounting

Revenue on long term contracts is recognised on a stage of completion basis and therefore management judgement is required on assessing the stage of completion, including consideration of the forecast costs. If subsequent actual costs were to differ significantly to management's forecast costs, this could result in a material adjustment. Amounts recognised in accruals and deferred income, see note 13.

iii) Impairment of non-financial assets

Where there are indicators of impairment of individual assets, the Company performs impairment tests based on a value in use calculation. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget and forecast for the next four years. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows growth rate used for extrapolation purposes. Amounts recognised in Intangible fixed assets, see note 8.

2 Revenue

The analysis of revenue by geographical area is set out below:

	2019 Group £'000	2018 Group £'000
Europe, Middle East and Africa	30,595	28,152
Americas	25,463	16,880
Asia and Australasia	9,934	8,591
United Kingdom	4,039	4,218
Total	70,031	57,841

All revenue in the year relates to sale of goods, of which £2,988,000 (2018 - £2,632,000) relates to sales of goods as part of long term contracts.

3 Operating profit/(loss)

	2019 Group £'000	2018 Group £'000
Operating profit/(loss) is stated after charging/(crediting)		
Depreciation of owned tangible fixed assets (see note 9)	849	1,093
Goodwill amortisation (see note 8)	2,385	2,385
Research and development expenditure	1,143	771
Auditors' remuneration for:		
Statutory audit services	150	98
Tax compliance services	61	60
Tax advisory services	-	5
Inventory recognised as an expense in cost of sales	40,457	32,565
Exchange (gains)/losses	(8)	41
Operating lease charges		
- land and buildings	219	171
- plant and machinery	346	368

Angus International Safety Group Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

4 Exceptional Items

Profit/(loss) before taxation is arrived at after charging/ (crediting) the following exceptional items:

	Note	2019 Group £'000	2018 Group £'000
Rectification Costs	(i)	79	593
Provision release	(ii)	-	(55)
Cost of sales		79	538
Reorganisation Costs	(iii)	55	236
Legal and professional costs	(iv)	-	(5)
(Gain)/Loss on disposal of business assets	(v)	(99)	586
Administrative expenses		(44)	817

(i) During the year the group incurred costs of £79,000 (2018 - £593,000) as a result of a sales order cancellation in 2018. The costs include legal fees and in the prior year, a partial inventory provision provided for product built against the sales order. The costs were a continuation of prior year activities.

(ii) At the date of the business acquisition in June 2013, a number of estimates were made for future costs to be incurred relating to ongoing onerous contracts and the realisable value of product and provisions were included in the opening balance sheet of the Group. In the prior year, provisions that remained unutilised at 31 December 2018 were reviewed and released to the profit and loss account where they were considered to be no longer required. £55,000 was released in respect of product that no longer required a reduction in net realisable value.

(iii) During the year exceptional costs of £55,000 (2018 - £236,000) were incurred as a result of aligning the organisation and re-focussing the activities of the Group. The costs were a continuation of prior year activities.

(iv) The credit in the prior year related to a reimbursement of legal costs incurred in 2017.

(v) In the prior year, the hose manufacturing assets in the USA were sold. The credit arising in the current year of £99,000 relates to a provision for legal fees associated with the sale that is no longer required at the year end. A loss on disposal was recognised in 2018 of £586,000 representing net of sale proceeds and associated costs.

Notes to the financial statements for the year ended 31 December 2019 (continued)

5 Employees and directors

Directors

The directors' emoluments were as follows:

	2019 Group £'000	2018 Group £'000
Aggregate emoluments	1,270	1,361

Post-employment benefits are accruing for four directors (2018: four) under a defined contribution scheme to which the Group contributed £32,000 (2018 - £41,000).

Highest paid Director	2019 Group £'000	2018 Group £'000
Total emoluments	548	430

The highest paid director is a member of the Angus UK Retirement Savings Plan, a defined contribution scheme to which the Group contributed £10,000 (2018 - £10,000).

Remuneration paid to directors by the Company is £nil (2018: £nil). Staff costs paid to the directors are included in Angus Holdings Safety Group Limited and Eau et Feu SAS, subsidiary companies, and are not recharged to Angus International Safety Group Limited.

Notes to the financial statements for the year ended 31 December 2019 (continued)

5 Employees and directors (continued)

The average monthly number of persons (including executive directors) employed by the Group and the Company during the year was:

	Group		Company	
	2019 Number	2018 Number	2019 Number	2018 Number
Production	186	186	-	-
Selling and distribution	57	63	-	-
Administration	28	30	7	8
	271	279	7	8

Staff costs (for the above persons)	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Wages and salaries	12,512	12,180	-	-
Social security costs	1,673	1,623	-	-
Other pension costs	770	571	-	-
	14,955	14,374	-	-

Pension costs are the current service costs for the UK defined contribution scheme and the French defined benefit scheme. US pension costs 401k are included in wages and salaries due to the arrangement with the Professional Employer Organisation.

The employees for the Company relate to the directors.

6 Net interest expense

Interest receivable and similar income

	2019 Group £'000	2018 Group £'000
Foreign exchange gains on intercompany and bank loans	178	152
Interest receivable and similar income	**178**	**152**

Interest payable and similar expenses

	2019 Group £'000	2018 Group £'000
Bank loan interest payable	209	450
Shareholder loan interest payable	4,890	4,591
Amortisation of debt issue costs	355	375
Interest cost on pension	23	16
Other interest	15	21
Total interest payable and similar expenses	**5,492**	**5,453**

Notes to the financial statements for the year ended 31 December 2019 (continued)

7. Tax on profit/(loss)

	2019 Group £'000	2018 Group £'000
a) Tax expense/(credit) included in profit or loss		
Current tax:		
Foreign corporation tax on profits for the year	901	17
Adjustments in respect of prior periods	40	(139)
Total current tax charge/(credit)	941	(122)
Deferred tax:		
Origination and reversal of timing differences	293	(176)
Adjustments in respect of prior periods	21	117
Change in tax rates	48	(17)
Total deferred tax (note 16)	362	(76)
Tax on profit/(loss)	1,303	(198)

b) Reconciliation of tax credit

Tax assessed for the year is higher than (2018: higher) the standard rate of corporation tax in the UK for the year ended 31 December 2019 of 19% (2018: 19%). The differences are explained below:

	2019 Group £'000	2018 Group £'000
Profit/(loss) before taxation	723	(5,888)
Profit/(loss) before taxation at the UK tax rate 19% (2018 – 19%)	137	(1,119)
Expenses not deductible for tax purposes	597	954
R&D tax credit	(71)	(48)
Movement on unrecognised deferred tax/(tax losses)	443	59
Adjustments in respect of prior periods	61	(22)
Impact of overseas tax rates	88	(20)
Foreign Tax Payable	-	15
Re-measurement of deferred tax – change in tax rates	48	(17)
Tax charge/(credit) for the year	1,303	(198)

7. Tax on profit/(loss) (continued)

c) **Factors affecting future tax charge**

A change to the future UK corporation tax rate was announced in the March 2020 Budget. The rate will no longer drop to 17% with effect from 1 April 2020 but will remain at the previous rate of 19%. This change had not been substantively enacted at the balance sheet date and therefore is not recognised in these financial statements. The effect of this change, if it applied to the deferred tax balance at 31 December 2019, would be to increase the deferred tax asset by £6,000.

8. Intangible fixed assets

Group

	Goodwill
	£'000
Cost at 1 January 2019	26,645
Foreign exchange translation adjustment	(366)
At 31 December 2019	**26,279**
Accumulated amortisation	
At 1 January 2019	13,773
Provided during the year	2,385
Foreign exchange translation adjustment	(238)
At 31 December 2019	15,920
Net book amount at 31 December 2019	10,359
Net book amount at 31 December 2018	12,872

Goodwill arising on the acquisition of the assets and trade of two divisions from two Kidde Subsidiaries of United Technologies Corporation in 2013 is being amortised evenly over the Directors' estimate of its useful life of 10 years.

9 Tangible assets

Group Cost	Land and buildings £'000	Plant and machinery and vehicles £'000	Total £'000
At 1 January 2019	3,048	7,981	11,029
Additions	27	187	214
Disposals	-	(75)	(75)
Exchange adjustments	(77)	(150)	(227)
At 31 December 2019	**2,998**	**7,943**	**10,941**
Accumulated depreciation			
At 1 January 2019	1,602	5,305	6,907
Charge for the year	221	628	849
Disposals	-	(51)	(51)
Exchange adjustments	(42)	(113)	(155)
At 31 December 2019	**1,781**	**5,769**	**7,550**
Net book value			
At 31 December 2019	**1,217**	**2,174**	**3,391**
At 31 December 2018	1,446	2,676	4,122

All land and buildings relate to freehold property.

10 Investments

	Group		Company	
Subsidiary undertakings	**2019**	2018	**2019**	2018
	£'000	£'000	**£'000**	£'000
Angus Holdings Safety Group Limited	-	-	362	362

The Company owns 100% of the issued share capital of Angus Holdings Safety Group Limited, a non-trading company registered in England and Wales. The directors consider the value of investments to be supported by their underlying assets. The indirect subsidiaries of the Company are Angus Fire Limited, National Foam (Holdco) Inc., National Foam Inc., Eau et Feu SAS, Vanrullen Uniser SAS and Angus Flexible Pipelines Australia Pty. Limited, all of which are 100% owned by Angus Holdings Safety Group Limited (see note 22).

Notes to the financial statements for the year ended 31 December 2019 (continued)

11 Inventories

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Raw materials	3,346	2,607	-	-
Work in progress	2,868	1,158	-	-
Finished goods	4,936	5,646	-	-
At 31 December	11,150	9,411	-	-

Inventories are stated after provisions for impairment of £3,466,000 (2018 - £3,348,000).

12 Debtors

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Trade debtors	9,948	10,902	-	-
Amounts owed by group undertakings	-	-	36,991	35,048
Corporation tax receivable	3	197	-	-
Other debtors	1,266	1,007	337	170
Amounts recoverable on contracts	657	729	-	-
Deferred tax asset (note 16)	1,017	1,435	44	37
Prepayments and accrued income	558	804	-	-
At 31 December	13,449	15,074	37,372	35,255

Trade debtors are stated after provision for impairment of £1,251,000 (2018 - £1,163,000).

The amounts owed by group undertakings are unsecured, accrue an interest rate of 11%, and are repayable on demand.

Included in the deferred tax asset is an amount of £1,017,000 (2018: £991,000) that is considered to be recoverable after 12 months.

13 Creditors: amounts falling due within one year

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Payments received on account	525	570	-	-
Trade creditors	7,636	9,428	-	198
Amounts owed to group undertakings	-	-	9,044	3,423
Foreign tax payable	848	-	-	-
Other creditors	520	538	-	-
Other taxation and social security	394	385	-	-
Accruals and deferred income	2,078	1,827	50	111
At 31 December	12,001	12,748	9,094	3,732

Amounts owed to group undertakings are unsecured, non- interest-bearing and are repayable on demand.

Notes to the financial statements for the year ended 31 December 2019 (continued)

14 Loans and other borrowings

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Bank loans and overdrafts				
Due within one year or on demand	-	-	-	-
Amounts due after more than one year	2,478	3,978	-	-
Total bank loans and overdrafts	2,478	3,978	-	-
Shareholder loans				
Amounts due after more than one year	44,312	44,048	44,312	44,048
Total shareholder loans	44,312	44,048	44,312	44,048
Total borrowings	46,790	48,026	44,312	44,048
Due within one year or on demand				
Bank loans and overdraft (Secured)	-	-	-	-
Total due within one year or on demand	-	-	-	-
Due after one year but within five years				
Bank loans and overdraft (Secured)	2,478	3,978	-	-
Shareholder loan notes (Secured)	21,903	21,773	21,903	21,773
Shareholder loan notes (Unsecured)	22,409	22,275	22,409	22,275
Total due after one year but within five years	46,790	48,026	44,312	44,048
Total borrowings	46,790	48,026	44,312	44,048

The bank borrowings of £2,478,000 (2018 - £3,978,000) are denominated in US dollars and comprise:

a) Bank loans of £2,795,000 (2018 - £4,463,000), net of unamortised issue costs of £317,000 (2018 - £485,000), translated at the balance sheet date. The outstanding principle amount on the loan is $3,691,000 (2018 - $5,713,000).

b) £82,000 of foreign exchange gains (2018 £267,000 losses) arising on the translation of the US Dollar denominated loan at the balance sheet date, being the difference between the historic exchange rate and the year-end spot rate.

At the year-end the Group had the following facility arrangements with the banks:

a) Term Debt: $17,052,000 facility which was fully drawn in 2016 and is due to be fully repaid in 2021. $2,022,000 was repaid in the year, (2018 - $9,207,000). No further repayments are payable until 2021 when the balance of $3,691,000 is repayable. Interest is payable on the debt at a margin of 3.0% per annum. There is no facility for further drawdowns on this facility.

14 Loans and other borrowings (continued)

b) Overdraft /RCF: £5,000,000 for a 5 year facility expiring in November 2020, secured against the assets of the Group. Interest is payable at a margin of 3.0% per annum. At the year end, the RCF was not utilised.

c) Bonding Facility: £10,000,000 for a 5 year facility expiring in November 2021 of which £3,916,000 is drawn in guarantees as at 31 December 2019 (2018 £3,912,000) and £nil (2018: £2,120,000) is set aside under an import of letter of credit (activated upon delivery of goods from supplier).

Issue costs have been presented in the maturity analysis within the year that they are expected to unwind. The bank debt is secured on the assets and undertakings of the Group and ranked ahead of shareholder loan notes.

Shareholder loans of £44,312,000 (2018 - £44,048,000) comprise:

Loan notes of £20,059,000 (2018 £24,873,000), £24,347,000 (2018 £19,457,000) of accrued interest less £94,000 (2018 £282,000) of unamortised issue costs.

The Group has the following arrangements with the Shareholders:

a) A1 loan notes: £9,358,000 secured, listed on the International Stock Exchange
b) A2 loan notes: £9,358,000 unsecured, listed on the International Stock Exchange
c) B loan notes: £229,000 subordinated unsecured
d) C1 loan notes: £557,000 secured
e) C2 loan notes: £557,000 unsecured

All shareholder loans bear interest at 11% compounded. The secured loan notes are secured on the assets and undertakings of the Group. Loan notes are repayable on the earliest date of exit (substantial change in major shareholder) or 31 December 2021.

Notes to the financial statements for the year ended 31 December 2019 (continued)

15 Financial Instruments

Group

The Group has the following financial instruments:

	Note		2019		2018
			£'000		£'000
Financial assets that are debt instruments measured at amortised cost					
- Trade receivables	12	9,948		10,902	
- Other receivables	12	1,923		1,736	
			11,871		12,638
Financial liabilities measured at amortised cost					
- Senior loans	14	(2,478)		(3,978)	
- Loan notes	14	(44,312)		(44,048)	
- Trade creditors	13	(7,636)		(9,428)	
- Accruals	13	(2,078)		(1,827)	
- Other creditors	13	(520)		(538)	
			(57,024)		(59,819)

The company has the following financial instruments:

	Note		2019		2018
			£'000		£'000
Financial assets that are debt instruments measured at amortised cost					
- Amounts owed by group undertakings	12	36,991		35,048	
- Other receivables	12	337		170	
			37,328		35,218
Financial liabilities measured at amortised cost					
- Loan notes	14	(44,312)		(44,048)	
- Trade creditors	13	-		(198)	
- Amounts owed to group undertakings	13	(9,044)		(3,423)	
- Accruals	13	(50)		(111)	
			(53,406)		(47,780)

16 Provisions for liabilities

Group	Warranty provision £'000	Total £'000
At 1 January 2019	1,732	1,732
Charged to profit and loss account	32	32
Releases	(78)	(78)
Utilised within the year	(39)	(39)
At 31 December 2019	**1,647**	**1,647**

Warranty Provision
The provision is an estimate of future liabilities, based on current known claims and historic claims and experience. Included in the provision is an amount of £1,267,000 (2018: £1,267,000) relating to product with a ten-year warranty period. Due to the uncertainty regarding when a claim may be made during this period, the value of the provision has not been discounted over the life of the warranty period as required by FRS102.

Deferred tax

	2019 £'000	2018 £'000
Asset at start of year	1,391	1,250
Deferred tax (charge)/credit to profit and loss account	(341)	193
Adjustments in respect of prior periods	(21)	(117)
Translation differences to reserves	(33)	65
Total deferred tax asset	996	1,391
Accelerated capital allowances	27	(45)
Other short term timing differences	969	1,436
At 31 December	996	1,391
Analysis in Balance Sheet		
Deferred tax asset - Debtors	1,017	1,435
Deferred tax liability – Provision for liabilities	(21)	(44)

16 Provisions for liabilities (continued)

Deferred tax assets are regarded as recoverable and recognised in the financial statements when, on the basis of available evidence, it is more likely than not that there will be available taxable profits from which the future reversal of the timing differences can be deducted. Deferred tax assets of £237,000 (2018 £215,000) and £1,230,000 (2018 £853,000) have not been recognised as at 31 December 2019 in relation to the Group's French operations and UK operations respectively.

The company has a deferred tax asset as at 31 December 2019 of £44,000 (2018 - £37,000).

The deferred tax asset expected to reverse in 2020 is £nil (2018: £444,000).

17 Post-employment benefits

The majority of the UK employees are members of the Angus UK Retirement Savings Plan, a Scottish Widows Personal Pension Scheme. This is a defined contribution scheme for which the employer costs of £451,000 (2018 - £462,000) are charged to the profit and loss account in the year as incurred. There are no prepayments or amounts outstanding as at 31 December 2019 (2018 – £nil).

US employees are offered a 401k scheme through the Professional Employers Organisation, which is a defined contribution scheme for the Group. Due to the arrangement with the PEO, the US salary costs are shown including pension costs.

The Group has a provision for retirement indemnities liabilities for its French subsidiaries in accordance with the collective bargaining agreements applicable at each company. The plan is unfunded by the Group.

Within France the employees receive a French retirement indemnity which is a lump sum amount paid by the French Company to the employee when he/she retires. The amount of this benefit depends on the length of service of the employee at the retirement date and is prescribed by collective bargaining agreements. Those agreements are negotiated by Unions' representatives of the employer and of the employees, by the sector of activity and at a national level. Their application is compulsory. The retirement indemnities are not linked to other French standard retirement benefits, such as pensions provided by Social Security or complementary funds (ARRCO and AGIRC).

A full actuarial valuation of the Group's French pension schemes was performed by Mercer Consulting (France) as at 31 December 2019. The schemes liabilities are estimated using the projected unit credit method. Under this method each participant's benefits under the scheme are attributed to years of service, taking into consideration the scheme's benefit allocation formula.

Notes to the financial statements for the year ended 31 December 2019 (continued)

17 Post-employment benefits (continued)

	2019 £'000	2018 £'000
At 1 January	1,475	1,365
Current service cost	92	93
Interest cost	23	16
Benefits paid from plan	(71)	-
Actuarial loss	206	21
Liabilities extinguished on curtailment	(31)	(32)
Exchange loss	(78)	12
Benefit obligation at 31 December	1,616	1,475

Present value of unfunded obligations		
Net Liability		
Discount rates	0.70%	1.60%
Rate of increase in salaries	2.00%	2.00%
Rate of inflation	2.00%	2.00%
Life expectation on retirement at 65	Male:19.35	Male:19.35
	Fem:23.18	Fem:23.18
Withdrawal rate	0.00%	0.00%

Current service cost and interest are charged to administrative expenses and interest respectively in the consolidated profit and loss account. The total charge recognised in the profit and loss account is £115,000 (2018: £109,000). The actuarial loss is shown in the consolidated statement of comprehensive income.

Notes to the financial statements for the year ended 31 December 2019 (continued)

18 Called up share capital

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Allotted, and fully paid				
705,505 - A1 Ordinary Shares at £0.002	1,411	1,411	1,411	1,411
1,416,375 - A2 Ordinary Shares at £0.002	2,833	2,833	2,833	2,833
396,175 - B1 Ordinary Shares at £0.01	3,962	3,962	3,962	3,962
13,430 - B2 Ordinary Shares at £0.025	336	336	336	336
60,433 – B3 Ordinary Shares at £0.01	604	604	604	604
13,430 - deferred Ordinary Shares at £0.015	201	201	201	201
80,578 - C1 Ordinary Shares at £0.005	403	403	403	403
13,430 - C2 Ordinary Shares at £0.05	672	672	672	672
Total called up share capital	10,422	10,422	10,422	10,422

19 Contingent liabilities

The Company and the Group are party to a loan note arrangement with its bankers through Angus Holdings Safety Group Limited whereby it has guaranteed the loans for the purchase of subsidiary assets (note 14).

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Amount of guarantees in respect of performance bonds	3,916	3,912	-	-
Import letters of credit	-	2,120	-	-

Performance bonds are in respect of guarantees to customers against product performance/failure issues of completed long term contracts.

19 Contingent liabilities (continued)

During the latter part of 2016 claims were made in the USA against several foam manufacturers which included National Foam Inc. The Directors believe that the claims have no merit and therefore no provision has been made at the year-end (2018 - £nil) for any future costs relating to these matters. Costs incurred in the current year are disclosed in Note 4 – exceptional items.

20 Capital and other commitments

At 31 December, the Group had the following capital commitments:

	2019 £'000	2018 £'000
Contracts for future capital expenditure not provided in the financial statements		
– Property, plant and equipment	-	11

The Group had the following future minimum leases payments under non-cancellable operating leases for each of the following periods:

Land and buildings

	2019 £'000	2018 £'000
Not later than one year	252	206
Later than one year and not later than five years	521	678
Later than five years	15	27
At 31 December	**788**	**911**

Plant and machinery

	2019 £'000	2018 £'000
Not later than one year	273	293
Later than one year and not later than five years	298	471
Later than five years	-	-
At 31 December	**571**	**764**

The Company had no capital or other commitments at 31 December 2019 (2018: £nil).

21 Related party transactions

Lloyds Development Capital ("LDC"), a private equity house, has invested in the Company through the following funds: LDC Fund II LP, LDC Parallel II LP and LDC Holdings ("the Funds"). As part of the financing of the acquisition of the businesses from United Technologies Corporation in 2013, the Funds provided loan notes of £35,206,000. The annual interest charge on these notes is 11% compounded. The balance outstanding as at 31 December 2019 is £18,716,000 principal (2018 - £23,209,000) and accrued interest is £22,722,000 (2018 - £18,159,000).

The Manager of the Funds is LDC, to whom the Group pays an annual management charge of £200,000. The balance outstanding with LDC as at 31 December 2019 relating to the management fee is £17,000 (2018 - £102,000).

The Chairman, non-executive director and management directors are shareholders of the Company. As part of the financing of the acquisition of the businesses, loan notes were provided of £2,432,000. Post-acquisition, additional loan notes of £100,000 were provided. The annual interest charge on these notes is 11% compounded. The balance of the loan notes as at 31 December 2019 is £1,343,000 (2018 - £1,665,000), and the accrued interest charge on the loan notes since acquisition is £1,625,000 (2018 - £1,298,000).

	Share subscription value	Number of shares	Class of share	Loan notes principal	Interest accrued	Total outstanding at 31 December 2019
	£'000	Number		£	£	£
C. Thomas	19	189,029	A1,A2,C1	542,945	659,154	1,202,099
C. Milburn	3	26,859	A1,A2,C2	104,618	121,968	226,586
P. Williams	25	141,012	B1	56,221	68,258	124,479
L. Guest	11	60,433	B3	24,094	28,232	52,326
C. Delle Case	10	53,719	B1	21,417	26,033	47,450
N Barker	7	40,288	B1	16,063	19,493	35,556
Other	31	188,015	B1,B2,D	69,607	85,490	155,097
	106	699,355		834,965	1,008,628	1,843,593

The directors consider The Moorings Consultancy Limited ("Moorings") to be a related party due to its association with the Chairman. Moorings provides management advice. During the year consultancy fees of £31,000 (2018 - £30,000) were paid or accrued for Moorings. The balance outstanding as at 31 December 2019 is £3,000 (2018 - £8,000) and is included in trade creditors or accruals

22 Subsidiaries and related undertakings

The related undertakings whose results or financial performance principally affect the figures shown in the consolidated financial statements are as follows:

Name and registered office	Country of incorporation	Nature of business	Interest
Angus Holdings Safety Group Limited – Station Road, High Bentham, Near Lancaster, LA2 7NA	UK	Management Company	100% ordinary shares
Angus Fire Limited - Station Road, High Bentham, Near Lancaster, LA2 7NA	UK	Manufacturer	100% ordinary shares
Eau et Feu SAS – Rue Aloys Senefelder, 51100, Reims	France	Manufacturer	100% ordinary shares
Vanrullen Uniser SAS – Avenue des Nations Unites, Espace Galilee, Cellule 6 Bis Z'59270, Bailleul	France	Wholesaler	100% ordinary shares
National Foam (Holdco) Inc. - 141 Junny Road, Angier, NC 27501	USA	Holding Company	100% ordinary shares
National Foam Inc. – 141 Junny Road, Angier, NC 27501	USA	Manufacturer	100% ordinary shares
Angus Flexible Pipelines Australia Pty. Limited - 9/67 Depot Street, Banyo, Queensland 4014	Australia	Wholesaler	100% ordinary shares

23 Controlling party

There is no ultimate controlling party of the Company.

24 Notes to the cash flow statement

	2019	2018
	Group	Group
	£'000	£'000
Loss for the financial year	(580)	(5,690)
Adjustments for:		
Tax on profit/(loss)	1,303	(198)
Net interest expense	5,314	5,301
Operating profit/(loss)	6,037	(587)
Amortisation of intangible assets	2,385	2,385
Depreciation of tangible assets	849	1,093
Loss/(Gain) on disposal of fixed assets	24	(53)
Post-employment benefits less payments	21	93
Other provisions movement	(85)	17
Working capital movements		
- (Increase)/Decrease in inventories	(1,739)	415
- Decrease/(Increase) in debtors	1,011	2,252
- (Decrease)/Increase in creditors	(1,595)	(3,478)
Cash flow from operating activities	6,908	2,137

Notes to the financial statements for the year ended 31 December 2019 (continued)

25 Analysis of changes in net debt

	At 1 January 2019	Cash flows	Non cash changes	Foreign exchange movements	As at 31 December 2019
	£'000	£'000	£'000	£'000	£'000
Cash at bank and in hand	2,735	221	-	(337)	2,619
Cash and cash equivalents	**2,735**	**221**	**-**	**(337)**	**2,619**
Bank loans	(3,978)	1,586	(168)	82	(2,478)
Shareholder loans	(44,048)	4,814	(5,078)	-	(44,312)
Borrowings	(48,026)	6,400	(5,246)	82	(46,790)
Total	**(45,291)**	6,621	(5,246)	(255)	(44,171)

Non cash movements relate to accrued interest and amortised issue costs in the year (note 6).