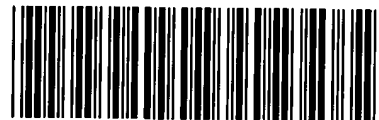


Registered number: 01687555

MULLER ENGLAND LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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MULLER ENGLAND LIMITED

COMPANY INFORMATION

Directors P. R. Bethell (resigned 16 October 2021)
A. H. Cunningham
S. Lock
E. R. Jackson
C. Walker

Company secretary C. Walker

Registered number 01687555

Registered office High Street
Cleobury Mortimer
Kidderminster
Worcestershire
DY14 8DT

Independent auditor MHA MacIntyre Hudson
Birmingham, United Kingdom

Bankers Barclays Bank plc
66 Oxford Street
Kidderminster
Worcestershire
DY10 1BL

MULLER ENGLAND LIMITED

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MULLER ENGLAND LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Introduction

The directors present the Strategic report for the year ended 31 December 2020.

Business review and future developments

The Company's performance was significantly affected by the COVID-19 pandemic. Following the initial lockdown there was a sudden and dramatic reduction in sales, both home and export, during the second quarter of 2020. The production facilities were closed in line with Government guidelines. Technical and administrative staff and management worked from home where possible. Safeguarding employees was paramount for the Directors and a return to normal operation was undertaken after extensive risk assessments in a COVID-secure manner. The impact on the Company's results were severe but relatively short.

The Directors responded by taking advantage of the UK Government's furlough scheme to retain its skilled workforce, by taking out CBILs loans of £630,000 at ultimate parent company level, and agreeing actions to reduce overheads and support the Company's cash flow position in the short and medium term, including negotiating short-term rent reductions on property, agreeing extended payment terms with HMRC and a six month pension contribution holiday. All other creditors continued to be paid on normal terms and HMRC payments were brought up-to-date by year-end. Pension contributions also restarted in the fourth quarter of 2020.

The Directors took the opportunity to reorganise some of the Company's production facilities to better utilise the assets and reduce overheads. Costs incurred in the reorganising and restructuring are included in the 2020 and 2021 accounts. The results of these actions taken were that the Company returned to profitability in the final quarter of the year and despite lower turnover and profitability, positive net cash was generated from operating activities and the bank overdrafts reduced by £289,830. The Directors continue to focus on operating profit as a measure of the Company's performance.

The Company's operating loss for the year was £428,000, whilst the adjusted EBITDA for the year (comprising of earnings before interest, tax, depreciation and amortisation before exceptional items and defined benefit pension scheme costs expensed to profit or loss) was £153,000. Since the half year point of 2020, the Company has experienced steady growth in turnover with improved profitability and cash flow. The Company has also traded profitably and ahead of forecast in the first three quarters of 2021.

At the balance sheet date, although the balance sheet shows a net liability position after a significant actuarial loss of £658,000 being recorded through other comprehensive income for the year after the associated deferred tax asset credit, the Company had net assets of £3,386,000 excluding the pension liability net of the deferred tax asset, and net current assets of £482,000 excluding the deferred tax asset relating to the pension liability.

Results under the reporting standards can change dramatically depending on market conditions in respect of the defined benefit pension scheme. The principal actuarial assumptions that affect the liabilities are the discount rate at 31 December for which the yields on AA rated corporate bonds are used, as well as the CPI/RPI assumptions. This inevitably leads to volatility in the net pension liability on the Company's balance sheet and in the Statement of other comprehensive income. Since December 2020 the discount rate has increased, which would result in a reduction of the pension scheme liabilities and the associated deficit, albeit the positive effects of this will be offset to a certain extent by increases in RPI and CPI assumptions post year-end. The Company and its Scheme advisors are investigating the possibility of a move from RPI to CPI in respect of pensions which would go some way toward containing future increases in the liability in respect of inflation.

The pension liability is a long-term liability that does not affect the day-to-day operation of the business and which is funded by the Company in line with actuarial advice. The Company and the Trustees have agreed a new Schedule of Contributions, based on the 2020 actuarial valuation to April 2023, at which point a further valuation will be carried out and contribution levels reassessed.

MULLER ENGLAND LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

The Company has continued to trade profitably in 2021 and the current expectation is for 2022 to deliver results at pre-COVID levels in terms of profitability and EBITDA.

The Directors have reviewed the trading position and the outlook for the period to 31 December 2022. A detailed forecast has been prepared using the current order book and sales expectations, together with the existing funding facilities. The Company has retained its major customers and is seeing its order book strengthen. The forecasts have been subjected to sensitivity analysis and flexed on various sales scenarios. Based on this review, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and for a period of at least twelve months from the date of approval of the financial statements.

The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Principal risks and uncertainties

The Company exports around 28% of its turnover and manages the associated foreign exchange risk on a commercial basis with its customers and offsetting against purchases where possible. There is a level of uncertainty with regards to Brexit in the short term which is being dealt with on a collaborative basis with customers and suppliers.

The Company's principal financial instruments comprise bank loans and hire purchase contracts. The main purpose of these financial instruments is to raise finance for the Company's operations. The Company has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations.

The Company does not enter into derivative transactions.

The main risks arising from the Company's financial instruments are interest rate risk, liquidity risk and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below:

Interest rate risk

The Company's exposure to market risk for changes in interest rates relates primarily to the company's debt obligations. The Company's policy is to manage its interest cost using a mix of fixed and variable rate debt. The Company finances some of its assets and general running of the business via hire purchase contracts or overdrafts, respectively.

Liquidity risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through use of overdrafts and hire purchase contracts.

Credit risk

The Company seeks to manage credit risk by only selling to reputable and credit worthy customers. New customers have background, credit and references checked.

Defined Benefit Pension Scheme risk

The Company is funding the past service benefit of a Defined Benefit Pension Scheme for employees with service prior to 2001. The deficit is a long-term liability and the Company seeks to manage the risk by engaging professional and independent personnel to manage and administer the Scheme and by maintaining a close working relationship with the Trustees of the Scheme. Contribution levels to the Scheme have been agreed with the scheme actuaries to April 2023, at which time these will be reassessed based on an updated valuation to be carried out at that time.

MULLER ENGLAND LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

Key performance indicators

Management consider the main key performance indicator for the business to be turnover, operating profit, and earnings before interest, tax depreciation and amortisation ('EBITDA').

	2020	2019
Turnover	£9,027,000	£13,392,000
Operating profit/(loss)	(£428,000)	£492,000
Adjusted EBITDA	£153,000	£1,029,000

Adjusted EBITDA comprises earnings before interest, tax, depreciation and amortisation, before exceptional items and defined benefit pension scheme costs expensed through profit and loss.

This report was approved by the board on **9TH DECEMBER 2021** and signed on its behalf.



C. Walker
Director

MULLER ENGLAND LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

Principal activity

The company is principally engaged in the manufacture and supply of precision machined components and assemblies to a wide variety of industries.

Results and dividends

The loss for the year, after taxation, amounted to £524,426 (2019 - profit £189,670).

The directors do not recommend the payment of a dividend.

Directors

The directors who served during the year were:

P. R. Bethell (resigned 16 October 2021)
A. H. Cunningham
S. Lock
E. R. Jackson
C. Walker

Directors' responsibilities statement

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

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

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Matters covered in the strategic report

The business review, principal risks and uncertainties, and key performance indicators have been included within the Strategic Report.

MULLER ENGLAND LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Disclosure of information to auditor

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

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

Auditor

The auditor, MHA MacIntyre Hudson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 9TH DECEMBER 2021 and signed on its behalf.



**C. Walker
Director**

MULLER ENGLAND LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MULLER ENGLAND LIMITED

Opinion

We have audited the financial statements of Muller England Limited (the 'Company') for the year ended 31 December 2020, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

MULLER ENGLAND LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MULLER ENGLAND LIMITED
(CONTINUED)**

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

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

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

MULLER ENGLAND LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MULLER ENGLAND LIMITED
(CONTINUED)**

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Enquiry of management around actual and potential litigation and claims;
- Review of minutes of Board meetings;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business, and reviewing accounting estimates for bias;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

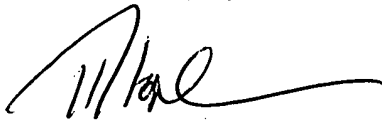
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

MULLER ENGLAND LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MULLER ENGLAND LIMITED
(CONTINUED)**

Use of our report

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



Tobias Stephenson BA ACA (Senior statutory auditor)
for and on behalf of

MHA MacIntyre Hudson, Statutory auditor
Birmingham, United Kingdom

Date: 13 December 2021

MULLER ENGLAND LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £	2019 £
Turnover	4	9,027,151	13,392,305
Cost of sales		(8,297,622)	(11,733,456)
Gross profit		729,529	1,658,849
Distribution costs		(154,846)	(235,334)
Administrative expenses		(1,633,602)	(942,880)
Exceptional administrative expenses	5	(42,829)	-
Other operating income	6	673,868	11,833
Operating (loss)/profit	7	(427,880)	492,468
Interest payable and similar expenses	11	(189,850)	(353,938)
(Loss)/profit before tax		(617,730)	138,530
Tax credit/(charge) on profit/(loss)	12	93,304	51,140
(Loss)/profit for the financial year		(524,426)	189,670
Other comprehensive income for the year			
Actuarial gains and losses on defined benefit pension scheme		(964,000)	(660,000)
Movement of deferred tax relating to pension deficit		305,841	105,060
Other comprehensive income for the year		(658,159)	(554,940)
Total comprehensive income for the year		(1,182,585)	(365,270)

There were no recognised gains and losses for 2020 or 2019 other than those included in the statement of comprehensive income.

The notes on pages 14 to 38 form part of these financial statements.

MULLER ENGLAND LIMITED
REGISTERED NUMBER: 01687555

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	13	3,710,367	3,865,881
Current assets			
Stocks	15	960,922	1,328,889
Debtors: amounts falling due after more than one year	16	1,400,946	1,095,105
Debtors: amounts falling due within one year	16	2,690,821	3,543,906
Cash at bank and in hand	17	87	531
		<u>5,052,776</u>	<u>5,968,431</u>
Creditors: amounts falling due within one year	18	(3,169,674)	(3,999,615)
Net current assets		<u>1,883,102</u>	<u>1,968,816</u>
Total assets less current liabilities		<u>5,593,469</u>	<u>5,834,697</u>
Creditors: amounts falling due after more than one year	19	(468,055)	(524,895)
Provisions for liabilities			
Deferred tax	22	(338,557)	(360,960)
		<u>(338,557)</u>	<u>(360,960)</u>
Net assets excluding pension liability		<u>4,786,857</u>	<u>4,948,842</u>
Pension liability	24	(7,373,400)	(6,352,800)
Net liabilities		<u>(2,586,543)</u>	<u>(1,403,958)</u>
Capital and reserves			
Called up share capital	26	600,000	600,000
Profit and loss reserve	27	(3,186,543)	(2,003,958)
		<u>(2,586,543)</u>	<u>(1,403,958)</u>

MULLER ENGLAND LIMITED
REGISTERED NUMBER: 01687555

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2020

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
9TH DECEMBER 2021



C. Walker
Director



E. R. Jackson
Director

The notes on pages 14 to 38 form part of these financial statements.

MULLER ENGLAND LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital £	Profit and loss reserve £	Total equity £
At 1 January 2019	600,000	(1,638,688)	(1,038,688)
Comprehensive income for the year			
Profit for the year	-	189,670	189,670
Deferred tax movements on pension scheme	-	105,060	105,060
Actuarial loss on pension scheme	-	(660,000)	(660,000)
Total comprehensive income for the year	-	(365,270)	(365,270)
At 1 January 2020	600,000	(2,003,958)	(1,403,958)
Comprehensive income for the year			
Loss for the year	-	(524,426)	(524,426)
Deferred tax movements on pension scheme	-	305,841	305,841
Actuarial loss on pension scheme	-	(964,000)	(964,000)
Total comprehensive income for the year	-	(1,182,585)	(1,182,585)
At 31 December 2020	600,000	(3,186,543)	(2,586,543)

The notes on pages 14 to 38 form part of these financial statements.

MULLER ENGLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. General information

Muller England Limited is a private company limited by shares incorporated and domiciled in England and Wales. Its registered head office is located at High Street, Cleobury Mortimer, Kidderminster, Worcestershire, DY14 8DT. These financial statements cover only Muller England Limited and do not consolidate any other entities.

The Company's principal activity is the manufacture and supply of precision machined components and assemblies to a wide variety of industries.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Muller Holdings Limited and Muller Precision Limited as at 31 December 2020 and these financial statements may be obtained from High Street, Cleobury Mortimer, Kidderminster, Worcestershire, DY14 8DT.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.3 Going concern

At the balance sheet date, although the balance sheet shows a net liability position, the company had net assets of £3,386,000 excluding the pension liability and associated deferred tax asset, and net current assets of £482,000 excluding the deferred tax asset relating to the pension liability. The pension liability was impacted by actuarial losses net of associated deferred tax asset movement of £658,000 during the year. The pension liability however is a long-term liability that does not affect the day-to-day operation of the business and is funded by the company in line with actuarial advice.

The company was significantly affected by the COVID-19 pandemic with a dramatic reduction in sales, both home and export, during the second quarter of 2020. The directors responded by taking advantage of the UK Government's furlough scheme to retain its skilled workforce, by taking a pension contribution holiday, and by taking out CBILS loans totalling £630,000 at ultimate parent level to support the group's cash-flow position in the short and medium term, and also by securing a pension contribution holiday.

Since the half-year point in 2020, the company has experienced a steady growth in turnover with improving profitability and cash flow levels after making certain reorganisations in some production areas. The company has continued to trade profitably in 2021 and the current expectation is for 2022 to deliver results at pre-COVID levels in terms of profitability and EBITDA.

The directors have reviewed the trading position and forecasts for the period to 31 December 2022, using the current order book and sales expectations together with existing funding facilities. The forecasts have been subjected to sensitivity analysis and flexed on different sales scenarios. Based on this review, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and for a period of at least twelve months from the date of approval of the financial statements.

The company therefore continues to adopt the going concern basis in preparing its financial statements.

2.4 Revenue

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

Sale of goods

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.5 Tangible fixed assets

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

Freehold property and some items of plant and equipment held by the Company have been recorded at the net book value following historic revaluations on transition to FRS 102 equating to deemed cost.

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

Depreciation is provided on the following basis:

Freehold property	- 2% per annum
Leasehold improvements	- over the term of the lease
Plant, equipment and motor vehicles	- 5 - 20% per annum

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

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

The Company assesses its fixed assets for impairment on an annual basis by comparing the book value in the accounts to the value in use of the assets. Impairment charges are recognised in the Statement of comprehensive income in the year in which they arise.

2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.7 Leased assets: the Company as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.8 Operating leases: the Company as lessee

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

MULLER ENGLAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)**2.9 Stocks**

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

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

2.10 Debtors

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

2.11 Cash and cash equivalents

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

Bank overdrafts and other finance facilities with the same banks are shown net of any credit bank balances when the bank has a right of set off.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.12 Financial instruments

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

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

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

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

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

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

2.13 Creditors

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

2.14 Grants receivable

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.15 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP. The financial statements are rounded to the nearest £.

Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.16 Finance costs

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.17 Pensions

Defined contributions pension plan

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

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

Defined benefit pension plan

The Company operated a defined benefit pension scheme providing defined benefits for employees with pensionable service before April 2001 and accordingly there is no current service costs as the scheme is closed to future service accruals past that date.

Scheme assets are measured at fair value. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit, adjusted for deferred tax, is presented separately from other net assets on the Statement of financial position. A net surplus is recognised only to the extent it is recoverable by the company.

Interest on the scheme liabilities and expected return on scheme assets are included net in interest payable and similar charges. Actuarial gains and losses are reported in the Statement of comprehensive income.

2.18 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.19 Provisions for liabilities

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

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

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.20 Current and deferred taxation

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

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

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

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

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

2.21 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements have been made include:

Trade debtors

Trade debtors consist of amounts due from customers. An allowance for doubtful debts is maintained for estimated losses resulting from the inability of the company's customers to make required payments. The allowance is based on the company's regular assessment of the credit worthiness and financial conditions of customers.

Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives, taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors.

Defined benefit pension scheme

The Directors have appointed Quantum Advisory to provide advice relating to the Muller Retirement and Death Benefits Scheme (1978) ("the scheme") in respect of the accounting disclosures required under Section 28 of FRS 102. Assumptions applied to the valuation of the defined benefit scheme have been detailed within note 24, which are subjective and on which the directors have based on advice from the scheme actuaries and advisers.

Stock

Certain factors could affect the net realisable value of the company's stocks, including customer demand and market conditions. The company considers usage, anticipated sales price, effect of new product introductions, product obsolescence and other factors when evaluating the value.

Impairment of assets

In light of the loss for the year due to COVID-19, the directors have assessed the fixed assets for potential impairment, taking into account factors such as the condition and value in use of the assets, the company's planned future use of the assets, and the potential value were the asset to be sold. Following consideration of the future forecasts and the expected return to pre-COVID profitability, the directors have concluded there to be adequate evidence to support the carrying value of the fixed assets, and no impairment is required.

4. Turnover

The whole of the turnover is attributable to company's principal activity.

Analysis of turnover by country of destination:

	2020 £	2019 £
United Kingdom	6,492,348	9,747,660
Export	2,534,803	3,644,645
	<u>9,027,151</u>	<u>13,392,305</u>

MULLER ENGLAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

5. Exceptional items

	2020 £	2019 £
Redundancy costs	<u>42,829</u>	<u>-</u>

6. Other operating income

	2020 £	2019 £
Grants receivable	<u>673,868</u>	<u>11,833</u>

Grants received in the year include claims made under the Coronavirus Job Retention Scheme.

7. Operating (loss)/profit

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

	2020 £	2019 £
Depreciation of tangible fixed assets	422,840	536,453
Loss/(profit) on disposal of fixed assets	1,500	(18,843)
Operating lease rentals - plant and machinery	13,092	13,145
Operating lease rentals - other operating leases	185,720	185,720
Foreign exchange charge/(income)	<u>(10,443)</u>	<u>28,496</u>

8. Auditor's remuneration

	2020 £	2019 £
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	<u>18,550</u>	<u>15,500</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

MULLER ENGLAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

9. Employees

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

	2020 £	2019 £
Wages and salaries	2,843,502	3,137,397
Social security costs	244,374	271,358
Cost of defined contribution scheme	100,427	76,715
	<u>3,188,303</u>	<u>3,485,470</u>

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

	2020 No.	2019 No.
Production	103	102
Administration	16	19
	<u>119</u>	<u>121</u>

Wages and salary costs in respect of furloughed production staff in the year usually included within cost of sales has been categorised as unproductive labour and recognised within administrative costs, offsetting the furlough income received included within other operating income also shown below the gross profit line.

10. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	333,174	353,433
Company contributions to defined contribution pension schemes	13,138	12,093
	<u>346,312</u>	<u>365,526</u>

During the year retirement benefits were accruing to Nil directors (2019 - Nil) in respect of defined benefit pension schemes. During the year retirement benefits were accruing to 3 directors (2019 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £86,710 (2019 - £91,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £2,670 (2019 - £2,503).

MULLER ENGLAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

11. Interest payable and similar expenses

	2020 £	2019 £
Bank interest payable	39,391	44,857
Finance leases and hire purchase contracts	23,459	39,081
Net financing costs on pension scheme	127,000	270,000
	<u>189,850</u>	<u>353,938</u>

12. Taxation

	2020 £	2019 £
Corporation tax		
Current tax on loss/profit for the year	(70,901)	(78,896)
	<u>(70,901)</u>	<u>(78,896)</u>
Deferred tax		
Origination and reversal of timing differences	(22,403)	27,756
Total deferred tax	<u>(22,403)</u>	<u>27,756</u>
Taxation on loss/profit on ordinary activities	<u>(93,304)</u>	<u>(51,140)</u>

MULLER ENGLAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

12. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
(Loss)/profit on ordinary activities before tax	(617,730)	138,530
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(117,369)	26,321
Effects of:		
Expenses not deductible for tax purposes	290	1,435
Other factors leading to an increase/(decrease) in tax charge	(5,641)	-
Adjustment in research and development tax credit leading to a decrease in the tax charge	(70,897)	(78,896)
Losses carried forward not recognised	122,716	-
Movements in deferred tax provision due to rate changes	(22,403)	-
Total tax charge for the year	(93,304)	(51,140)

MULLER ENGLAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

12. Taxation (continued)**Factors that may affect future tax charges**

The standard rate of UK Corporation Tax is 19% (2019: 19%).

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020.

In the Spring Budget 2021, the Government announced that the corporation tax rate would increase to 25% with effect from 1 April 2023. This new law was substantively enacted on 24 May 2021.

The Company has carried forward losses of approximately £590,000 to offset against future trading profits. No deferred tax asset has been recognised on these losses as after taking into account the availability of research & development tax credits and capital allowances, the extent and timing of any utilisation of carried forward losses is uncertain.

13. Tangible fixed assets

	Freehold properties £	Leasehold improve- ments £	Plant, equipment and motor vehicles £	Total £
Cost or deemed cost				
At 1 January 2020	960,904	281,409	6,429,146	7,671,459
Additions	935	6,365	264,026	271,326
Disposals	-	-	(40,000)	(40,000)
At 31 December 2020	961,839	287,774	6,653,172	7,902,785
Depreciation				
At 1 January 2020	92,692	242,259	3,470,627	3,805,578
Charge for the year on owned assets	19,237	10,959	392,644	422,840
Disposals	-	-	(36,000)	(36,000)
At 31 December 2020	111,929	253,218	3,827,271	4,192,418
Net book value				
At 31 December 2020	849,910	34,556	2,825,901	3,710,367
At 31 December 2019	868,212	39,150	2,958,519	3,865,881

MULLER ENGLAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

13. Tangible fixed assets (continued)

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2020 £	2019 £
Plant, equipment and motor vehicles	<u>1,054,657</u>	<u>1,354,631</u>

14. Fixed asset investments

Muller & Company (England) Limited is a 100% owned subsidiary of Muller England Limited. The registered office is High Street, Cleobury Mortimer, Kidderminster, Worcestershire, DY14 8DT. The Company was dormant in the year. The value of the investment as at 31 December 2020 was £Nil (2019: £Nil).

Muller South Wales Limited is an indirect 100% owned subsidiary of Muller England Limited. The registered office is High Street, Cleobury Mortimer, Kidderminster, Worcestershire, DY14 8DT. The Company was dormant in the year. The value of the investment as at 31 December 2020 was £Nil (2019: £Nil).

15. Stocks

	2020 £	2019 £
Raw materials and consumables	183,015	215,803
Work in progress	399,298	522,237
Finished goods and goods for resale	378,609	590,849
	<u>960,922</u>	<u>1,328,889</u>

An impairment loss of £106,492 (2019: £88,373) was recognised in cost of sales against stock during the year was due to slow-moving and obsolete stock.

There is no significant difference between the replacement cost of inventory and its carrying amount.

MULLER ENGLAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

16. Debtors

	2020 £	2019 £
Due after more than one year		
Deferred tax asset	<u>1,400,946</u>	<u>1,095,105</u>

The deferred tax asset recognised in respect of the defined benefit pension scheme operated by the Company. This will reverse over the life of the scheme and is subject to changes in valuation of the defined benefit obligation.

	2020 £	2019 £
Due within one year		
Trade debtors	1,611,723	2,071,935
Amounts owed by group undertakings	837,725	1,174,959
Amounts owed by related parties	23,657	44,824
Other debtors	93,895	81,501
Prepayments and accrued income	123,821	170,687
	<u>2,690,821</u>	<u>3,543,906</u>

An impairment loss of £Nil (2019: £14,284) was recognised against trade debtors.

The amounts owed by group undertakings are unsecured and repayable on demand.

17. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	87	531
Less: bank overdrafts and finance facility	(815,865)	(1,105,695)
	<u>(815,778)</u>	<u>(1,105,164)</u>

MULLER ENGLAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

18. Creditors: Amounts falling due within one year

	2020 £	2019 £
Bank overdrafts and finance facility	815,865	1,105,695
Trade creditors	1,079,245	1,582,816
Amounts owed to group undertakings	598,640	526,485
Amounts owed to joint ventures	19,500	67,782
Other taxation and social security	124,204	170,172
Obligations under finance lease and hire purchase contracts	256,532	257,963
Other creditors	42,127	34,306
Accruals and deferred income	233,561	254,396
	<u>3,169,674</u>	<u>3,999,615</u>

The bank overdraft and finance facility is secured by a fixed and floating charge over the Company's freehold premises, certain plant and equipment, the book debts and any other assets.

The amounts owed to group undertakings are unsecured and repayable on demand.

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

	2020 £	2019 £
Net obligations under finance leases and hire purchase contracts	308,054	364,894
Loans owed to fellow subsidiary	160,001	160,001
	<u>468,055</u>	<u>524,895</u>

The Directors consider the undiscounted balance of amounts owed to/from group undertakings to not be materially different to their fair value.

MULLER ENGLAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

20. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2020 £	2019 £
Within one year	256,532	257,963
Between 1-5 years	308,054	364,894
	<u>564,586</u>	<u>622,857</u>

Finance leases are secured on the assets to which they relate.

21. Deferred taxation asset

	2020 £	2019 £
At beginning of year	1,095,105	990,045
Credited/(charged) to other comprehensive income	305,841	105,060
At end of year	<u>1,400,946</u>	<u>1,095,105</u>

The deferred tax asset is made up as follows:

	2020 £	2019 £
Timing differences on defined benefit pension scheme	<u>1,400,946</u>	<u>1,095,105</u>

MULLER ENGLAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

22. Deferred tax liability

	Deferred tax liability £
At 1 January 2020	360,960
Charged to profit or loss	(22,403)
At 31 December 2020	338,557

The deferred tax liability comprises of accelerated capital allowances claimed £350,156 (2019: £374,284), less non-trade loan relationship deficits carried forward (£3,430) (2019: (£4,844) and less timing differences on provisions of (£8,169) (2019: (£8,480)).

As detailed in note 12, the Company has an unrecognised deferred tax asset of approximately £112,000 in relation to losses carried forward to offset against future trading profits.

23. Capital commitments

At 31 December 2020 the Company had capital commitments as follows:

	2020 £	2019 £
Contracted for but not provided in these financial statements	-	51,275

MULLER ENGLAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

24. Pension commitments**Defined benefit pension scheme**

The Company operates a pension scheme (the Muller Retirement and Death Benefits Scheme (1978)) providing defined benefits for employees with pensionable service before April 2001. The scheme is closed to new entrants. Benefits earned after that date are on a defined contribution basis and these benefits have been excluded below.

The amounts recognised in the Statement of financial position are as follows:

	2020 £	2019 £
Present value of funded obligations		
Fair value of plan assets	4,263,600	4,495,200
Present value of plan liabilities	(11,637,000)	(10,848,000)
Net pension scheme liability	<u>(7,373,400)</u>	<u>(6,352,800)</u>

The amounts recognised in the income statement are as follows:

	2020 £	2019 £
Past service and administrative costs	(115,000)	-
Interest income on plan assets	85,000	116,000
Interest on obligation and other expenses	(212,000)	(386,000)
Total	<u>(242,000)</u>	<u>(270,000)</u>

The amounts recognised in the statement of other comprehensive income are as follows:

	2020	2019
Actuarial gain on plan assets	159,000	197,000
Actuarial loss on defined benefit obligation	(1,123,000)	(857,000)
Total	<u>(964,000)</u>	<u>(660,000)</u>

MULLER ENGLAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

24. Pension commitments (continued)

Reconciliation of fair value of plan liabilities were as follows:

	2020 £	2019 £
Opening defined benefit obligation	(10,848,000)	(10,234,000)
Interest cost and expense	(212,000)	(386,000)
Actuarial gains and (losses)	(1,123,000)	(857,000)
Benefits paid	546,000	629,000
Closing defined benefit obligation	(11,637,000)	(10,848,000)

Reconciliation of fair value of plan assets were as follows:

	2020 £	2019 £
Opening fair value of scheme assets	4,495,200	4,446,200
Actuarial gains and (losses)	159,000	197,000
Contributions by employer	185,400	365,000
Expected return on assets	85,000	116,000
Benefits paid	(546,000)	(629,000)
Administration costs	(115,000)	-
	4,263,600	4,495,200

The cumulative amount of actuarial gains and losses recognised in the Statement of comprehensive income was a loss of £4,971,000 (2019 - loss of £4,007,000).

MULLER ENGLAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

24. Pension commitments (continued)

The major categories of plan assets as a percentage of total assets were as follows:

	2020	2020	2019	2019
	£	%	£	%
Equities	-	-	314,000	7.0%
Corporate Bonds	632,000	14.8%	674,000	15.0%
Diversified Growth Funds	2,063,000	48.4%	1,924,000	42.8%
Gilts	1,161,000	27.2%	1,214,000	27.0%
Property	360,000	8.5%	357,000	7.9%
Cash	46,000	1.1%	12,000	0.3%
Total	4,263,000	100.0%	4,495,000	100.0%

The actual return on scheme assets was £244,000 (2019: £313,000). This comprised of £85,000 interest income (2019: £116,000) and £159,000 actuarial gains on plan assets (2019: £197,000).

The company expects to contribute £370,800 to its defined benefit pension scheme in 2021.

The date of the most recent actuarial valuation was at 5 April 2020.

MULLER ENGLAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

24. Pension commitments (continued)

Principal actuarial assumptions at the Statement of financial position date (expressed as weighted averages):

	2020	2019
	%	%
Discount rate at 31 December	1.35	2.00
Future pension increases	2.9	3.00
Price Inflation (RPI)	3.0	3.10
Price inflation (CPI)	2.2	2.1
Mortality rates		
- for a male aged 65 now	20.0	19.9
- at 65 for a male aged 45 now	21.0	20.9
- for a female aged 65 now	22.3	21.8
- at 65 for a female member aged 45 now	23.4	23

The post-retirement mortality assumptions used to value the benefit obligations at 31 December 2019 and 31 December 2020 were based upon a standard table known as S3PxA with a 2 year age rating and CMI 2018 1.0% p.a. improvement.

In the year ended 31 December 2020, an allowance has been introduced, in line with the estimated impact calculated by the Mercer Corporate Actuary, for equalising benefits to allow for the inequalities associated with Guaranteed Minimum Pensions (GMPs). The change in liabilities as a result of GMP equalisation has been recognised as an experience change.

Amounts for the current and previous two periods are as follows:

Defined benefit pension schemes

	2020	2019
	£	£
Defined benefit obligation	(11,637,000)	(10,848,000)
Scheme assets	4,263,600	4,495,200
Deficit	(7,373,400)	(6,352,800)
Experience adjustments on scheme liabilities	(1,123,000)	(857,000)
Experience adjustments on scheme assets	159,000	197,000
	(964,000)	(660,000)

MULLER ENGLAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

24. Pension commitments (continued)**Defined contribution pension scheme**

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £100,427 (2019: £76,715). Contributions totalling £21,914 (2019: £28,802) were payable to the fund at the reporting date and are included in creditors.

25. Commitments under operating leases

At 31 December 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020 £	2019 £
Not later than 1 year	194,882	198,812
Later than 1 year and not later than 5 years	252,372	447,254
	<u>447,254</u>	<u>646,066</u>

26. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
600,000 (2019 - 600,000) Ordinary shares of £1.00 each	<u>600,000</u>	<u>600,000</u>

27. Reserves**Profit and loss reserve**

Profit and loss account includes all current and prior period retained profit and losses and recognised gains and losses.

28. Contingent liabilities

The Company is party to a cross guarantee arrangement for the bank loans of the Group. At the year end the Company's maximum exposure for these debts was £824,542 (2019: £238,290).

MULLER ENGLAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

29. Related party transactions

Muller India Private Limited, a 50% joint venture of Muller Holdings Limited, provided subcontract services to Muller England Limited. During the year, this trading accumulated in costs of £301,561 (2019: £346,397) and sales of £60,218 (2019: £160,474). At the year end, Muller England Limited had a related party creditor of £19,500 (2019: £67,782) and related party debtor balance of £23,657 (2019: £44,824).

Key management compensation paid during the period amounted to £484,540 (2019: £496,268).

30. Controlling party

The immediate parent undertaking of this Company is Muller Holdings Limited, incorporated in England and Wales. Muller Precision Limited was the ultimate parent undertaking and controlling party at 31 December 2020.

The smallest group containing this undertaking for which group accounts have been prepared as at 31 December 2020 is that headed by Muller Holdings Limited, incorporated in England and Wales. The largest group containing this undertaking for which group accounts have been prepared as at 31 December 2020 is that headed by Muller Precision Limited, incorporated in England and Wales.

Copies of the group accounts for both of the above groups can be obtained from Companies House.

Subsequent to the year end, Preci Turn Private Limited, a company incorporated in India, became the Company's ultimate controlling party following the purchase of an additional shareholding in Muller Precision Limited, the ultimate parent undertaking.